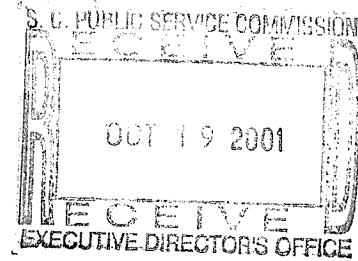
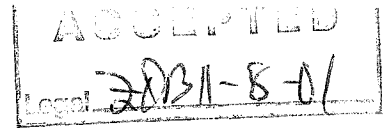
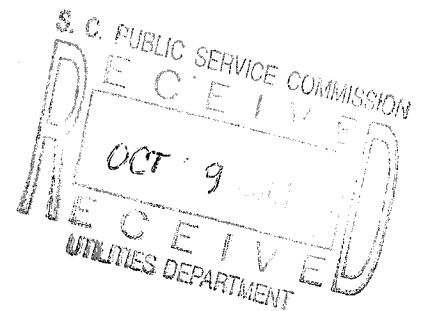


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-164-W/S



**APPLICATION OF KIAWAH ISLAND UTILITY, INC. FOR APPROVAL OF AN
ADJUSTMENT IN RATES AND CHARGES FOR WATER AND SEWER SERVICES**

In accordance with S.C. Code Sections 58-5-210 et seq., R. 103-514.4, R. 103-712.4, and R. 103-834, the Applicant, Kiawah Island Utility, Inc., requests adjustment of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its application made October 4, 2001.



OVERVIEW AND JUSTIFICATION

Kiawah Island Utility, Inc. (the "Utility") was established in 1976 to provide water and sewer service to what would become the residential resort community located on Kiawah Island. The Utility served 3,128 water and 2,774 sewer customers as of year-end 2000. The Utility's average daily demand during the test year was approximately 2.140 million gallons per day (mgd) for potable water, and an additional .882 mgd of combined effluent and well water to supplement golf course irrigation demands. The system had a maximum day water demand of 4.038 mgd. The average daily sewer flow during the test year was .518 mgd with a maximum month of .854 mgd.

The Utility purchases all of its potable water from St. Johns Water Company. The contractual agreement provides the Utility with 3.6 million gallons per day.

This application for approval of new rates and charges is necessary because the rates currently being charged will not cover both the costs of providing service and a fair return on the Utility's investment. The present rates and charges were established in Docket No. 98-328-W/S, Order No. 1999-216 with an effective date of March 31, 1999. The Utility is projected to operate at a net loss for the calendar year 2001. Although the Utility's operating statements show net income of \$35,300 in 1999 and \$15,500 in 2000, the impacts of regulatory lag and earnings erosion have prohibited the Utility from earning a fair and reasonable rate of return. The water and sewer operation and maintenance expenses have increased by \$377,000 and \$163,000, respectively, from the levels approved in the Utility's last (1997 test year) rate case. A major aspect of the water increase is the steady rise of purchased water costs with the gallonage charges increasing from \$1.7306, in 1997 to \$1.8107 in 2000 along with the associated pro-rata annual maintenance charge increasing from \$88,254 to \$119,326

Since the Utility's last rate case there have also been several capital projects. The Utility's rate

base has increased by \$746,000 for the Aquifer Storage Recovery System installed in 2000 and \$45,000 for the SCADA system installed in 1998. Subsequent to the end of the 2000 test year, there have been \$160,000 of additional water and sewer capital expenditures and \$66,188 of extraordinary maintenance projects which will impact the Utility's rate base.

The additional Utility investment, the increased operating expenses, and the establishment of a fair and reasonable rate of return are the primary factors which necessitate the filing of this rate application which will enable Kiawah Island Utility, Inc. to continue to provide its customers with safe, quality water and sewer services.

This application utilizes a test year ended 12/31/2000 with "known and measurable" projections through 12/31/2001.

The Schedule of Proposed Rates and Charges (Appendix C) sets forth the particular adjustments sought by the Utility. In addition to the changes in the amounts of certain rates and charges, the Utility is also proposing some modifications and additions to the separate schedules, which include the following:

- (1) The basic facilities charge for potable water for residential customers would no longer cover 2000 gallons per month of consumption. All potable water consumed would be subject to the consumption rate.
- (2) The basic facilities charges for the three sources of irrigation for the five golf courses would be established on a per course basis. Under the current schedule, there is a single charge that is then divided by the number of golf courses.
- (3) The Proposed Schedule includes a new category of service, Standby Customers. These are golf course customers, who are large consumers of water for irrigation. A course may have another source of water and may not need the Utility

to supply its needs on a continuous basis. The monthly Standby charge would allow this customer to pay the Utility to effectively reserve a certain volume of capacity in the event that it needs to supplement, repair, or replace its other source.

(4) The Utility is requesting that the Commission grant it a pass through increase for increases in the cost of wholesale potable water charged by its sole supplier, St. Johns Water Company. Additionally, the Utility would be able to pass through increases in the operation and maintenance expense charged by St. Johns to the Utility. The Utility would have to provide advance notice of the increase to the Commission which could prevent implementation of the increase if it found any irregularities.

(5) The Utility has proposed slight modifications to the wording of the miscellaneous charges provisions of the Schedule.

The basis for the financial adjustments requested are set forth in the exhibits hereto and will be further explained in the pre-filed testimony.

Respectfully submitted,

BY *G. Trenholm Walker*

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& WALKER, P.A.
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ATTORNEYS FOR KIAWAH
ISLAND UTILITY, INC.

October 18, 2001

Charleston, South Carolina

INDEX OF EXHIBITS

Schedule	Title or Description
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A.2	Statement of Income for the 12 Months Ended 12/31/2000 and 12/31/1999
A.3	Capital Structure - Water and Sewer Operations
A.4	Operating Margin Analysis
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W-B.1	Adjustments to Test Year Rate Base - Water Operation
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- S-D Capital Structure - Sewer Operation
- S-E Pro Forma Test Year Billing Analysis (Proposed Rates) - Sewer Operation
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Schedule	Title or Description
Appendix A	Work Papers and Supporting Documentation
Appendix B	Schedule of Current Rates and Charges
Appendix C	Schedule of Proposed Rates and Charges
Appendix D	Customer Billing Form
Appendix E	Tap Fee Calculation
Appendix F	Performance Bond
Appendix G	DHEC Approval Letter
Appendix H	Service Area Map

KIAWAH ISLAND UTILITY, INC.

Schedules in Support of Rate Adjustment

**Based on Test Year Ended 12/31/2000
With Projections Through 12/31/2001**

GUASTELLA ASSOCIATES, INC.

August 2001

KIAWAH ISLAND UTILITY, INC.
Water and Sewer Operation

Comparative Balance Sheet

	<u>12/31/2000</u>	<u>12/31/1999</u>
Water Plant in Service	\$7,704,186	\$6,738,108
Sewer Plant in Service	6,057,912	6,048,627
Construction Work in Progress	110,142	474,295
Accumulated Depreciation	(3,777,532)	(3,438,494)
Deferred Charges-Net of Amortization	1,284,600	1,302,771
Cash	579,405	385,513
Restricted Cash Fund	100,000	100,000
Accounts Receivable-Customer	348,023	327,560
Accounts Receivable-Others	21,491	45,891
Prepaid Expenses	5,656	1,250
Total Assets	<u>\$12,433,883</u>	<u>\$11,985,521</u>
Common Stock	\$1,000,000	\$1,000,000
Paid-In Capital	6,538,143	6,538,143
Retained Earnings	(2,558,914)	(2,574,434)
Accounts Payable	149,121	148,750
Accrued Expenses	86,373	81,004
Long-Term Debt	<u>7,219,160</u>	<u>6,792,058</u>
Total Equity & Liabilities	<u>\$12,433,883</u>	<u>\$11,985,521</u>

KIAWAH ISLAND UTILITY, INC.
Water and Sewer Operation

Statement of Income for the 12 Months Ended

	<u>12/31/2000</u>	<u>12/31/1999</u>
Water Operating Revenues	\$2,894,415	\$2,696,834
Sewer Operating Revenues	1,030,686	1,020,995
Operating Revenues	\$3,925,101	\$3,717,829
Purchased Water	1,613,441	1,411,648
Salaries, Benefits & Taxes	476,521	471,213
Rental Expense	95,629	93,033
Management Fees	100,000	100,000
Fuel & Electricity	139,294	120,127
Repairs and Maintenance	78,151	78,508
Other Operating Expenses	351,197	398,685
O & M Expenses	2,854,233	2,673,214
Depreciation & Amortizations	407,136	398,658
Taxes Other than Income Tax	141,598	133,560
Income Taxes	0	0
Total Operating Expenses	\$3,402,967	\$3,205,432
Net Operating Income	\$522,134	\$512,397
Interest Income	32,577	28,348
Interest Expense	539,191	505,483
Net Income	<u>\$15,520</u>	<u>\$35,262</u>

KIAWAH ISLAND UTILITY, INC.
Water and Sewer Operations

Capital Structure

	Capital	Ratio	Utility Rate Base	Embedded Cost	Weighted Cost	Return
Long-Term Debt	\$7,219,160	59.18%	\$6,810,857	8.1375%	4.82%	\$554,233
Equity	<u>\$4,979,229</u>	40.82%	<u>4,697,857</u>	11.5000%	<u>4.69%</u>	<u>540,254</u>
	\$12,198,389		\$11,508,713		9.51%	\$1,094,487

Calculation of Operating Margin (PSC Method)

Overall Revenue Requirement	\$5,025,340
Equity Return Requirement	540,254
Operating Margin	10.75%

KIAWAH ISLAND UTILITY, INC.
Water and Sewer Operations

Operating Margin Analysis

NAWC 1999 Financial Summary for Investor-Owned Water Utilities
Economic Research Program

	All	Revenues	Sub Group Revenues	South
	Companies	\$5M-\$10M	\$1M-\$5M	Region
Total Companies Surveyed	71	8	17	10
Average Number of Employees	151	29	12	142
Average Payroll Expense	\$7,432,758	\$1,369,277	\$490,999	\$6,246,688
Average Payroll / Employee	\$49,270	\$47,835	\$41,735	\$44,084
Average O&M Expense	\$19,841,375	\$3,706,692	\$1,426,473	\$13,496,283
Payroll to Total O&M	37.5%	36.9%	34.4%	46.3%
Average Operating Expenses	\$31,885,225	\$5,828,901	\$2,146,449	\$21,483,122
Payroll to Operating Expenses	23.3%	23.5%	22.9%	29.1%
Operating Revenues (Average)	\$41,380,100	\$7,267,084	\$2,761,532	\$27,290,563
Net Income (Average)	\$5,793,287	\$712,759	\$399,014	\$3,406,876
Operating Margin	14.00%	9.81%	14.45%	12.48%

Note: South Region includes AR, FL, KY, LA, NC, SC, TN, TX, VA, WV.

KIAWAH ISLAND UTILITY, INC.

Water Operation
Rate Base Calculation

	Test Year	Pro Forma	
		Adjustments	As Adjusted
Utility Plant in Service	\$9,578,274	\$11,000	\$9,589,274
Less: Accumulated Depreciation	(2,651,911)	(288,740)	(2,940,650)
Construction Work in Progress	0	0	0
Net Plant	\$6,926,363	(\$277,740)	\$6,648,623
Working Capital Allowance (1/8th)	273,277	(331)	272,946
Unamortized Bal. of Rate Case Exp.	0	41,667	41,667
Unamortized Bal. of Extraord. Exp.	0	93,528	93,528
Total Rate Base	<u>\$7,199,640</u>	<u>(\$142,876)</u>	<u>\$7,056,764</u>

KIAWAH ISLAND UTILITY, INC.
Water Operation
Adjustments to Test Year Rate Base

a) Adjust plant in service to include year 2001 capital project costs.		
Fire Pump Rehab Project	\$6,000	
Fire Certification Project	5,000	
ADJUSTMENT		<u>\$11,000</u>
b) Adjust accumulated depreciation to reflect 2001 annual depreciation.		
Annual Depreciation		<u>\$288,740</u>
ADJUSTMENT		
c) Adjust working capital allowance for changes to O&M expenses.		
Total Adjustments	\$41,450	
Less Rate Case Amortization	(27,429)	
Less Extraordinary Expense Amortization	(16,667)	
	(\$2,646)	
Allowance	12.50%	
ADJUSTMENT		<u>(\$331)</u>
d) To reflect the average unamortized balance of rate case expense.		
Rate Case Costs	\$50,000	
Amortization Period (yrs)	3	
Remaining Amortization in Years	2.5	
ADJUSTMENT		<u>\$41,667</u>
e) To reflect the average unamortized balance of extraordinary repair and maintenance expenses.		
Docket No 98-328	\$76,861	
Tank #1 Painting & Tank Cleanings	16,667	
ADJUSTMENT		<u>\$93,528</u>

KIAWAH ISLAND UTILITY, INC.
Water Operation

Accumulated Depreciation

		2000		As Adjusted
		Test Year	Adjustments	Balance
13202	Structures & Improvements	\$1,305,566	\$132,963	\$1,438,529
13204	Wells & Springs	42,495	2,645	45,140
13205	Pumping Equipment	230,754	19,100	249,854
13207	T & D Mains	567,949	55,357	623,306
13209	Hydrants	63,848	5,096	68,944
13210	Meters	42,679	2,011	44,690
13211	Other Equipment	120,496	17,574	138,070
13212	Office Furniture & Fixtures	90,467	26,942	117,409
13213	Transportation Equipment	79,363	20,917	100,280
13203	Intangible Plant	108,294	6,134	114,428
		<u>\$2,651,911</u>	<u>\$288,740</u>	<u>\$2,940,650</u>

KIAWAH ISLAND UTILITY, INC.
Water Operation

Statement of Operations

	<u>Test Year</u>	<u>Adjustments</u>	<u>As Adjusted</u>	<u>Adjustments</u>	<u>As Adjusted</u>	<u>% Increase</u>
Residential Sales	\$1,687,672	\$11,263	\$1,698,935			
Commercial Sales	158,173	2,338	160,511			
Hotel/Motel Sales	37,940	463	38,403			
Golf Course Sales	229,340	(2,561)	226,779			
Irrigation Sales	657,554	20,544	678,098			
Fire Hydrant Rental	38,495		38,495			
Misc Service Rev.	21,373		21,373			
Operating Revenues	<u>\$2,830,546</u>	<u>\$32,047</u>	<u>\$2,862,593</u>	<u>\$656,781</u>	<u>\$3,519,374</u>	22.94%
O & M Expense	2,186,218	41,450	2,227,668		2,227,668	
Depreciation Expense	247,486	41,254	288,740		288,740	
Taxes, Other	93,873	33,530	127,403	7,391	134,794	
Income Tax	0		0	197,069	197,069	
Operating Expenses	<u>2,527,577</u>	<u>116,234</u>	<u>2,643,811</u>		<u>2,848,270</u>	
Net Operating Income	<u>\$302,969</u>		<u>\$218,782</u>		<u>\$671,103</u>	
Rate Base	\$7,199,640				\$7,056,764	
Rate of Return	4.21%				9.51%	
Operating Margin (PSC Method)					9.41%	

KIAWAH ISLAND UTILITY, INC.
Water Operation

Adjustments to Test Year Operating Statement

A) REVENUE ADJUSTMENTS:

1. Adjustment to annualize revenues for year-end 2000.

	Per Books	Annualized	Rev. Adj.
Residential	\$1,687,672	\$1,696,756	\$9,084
Commercial	158,173	160,511	2,338
Hotel/Motel	37,940	38,403	463
Golf Course	229,340	226,779	(2,561)
Irrigation	657,554	677,515	19,961
ADJUSTMENT			<u>\$29,285</u>

2. Adjustment to reflect anticipated customer growth for 2001.

	Growth (Bills)	Avg Bill	Rev. Adj.
Residential	44	\$49.52	\$2,179
Irrigation	2	291.72	583
ADJUSTMENT			<u>\$2,762</u>

B) O & M EXPENSE ADJUSTMENTS:-

1. Adjust purchased water costs to reflect annualized system demand with growth at the current rate charged by St. John's Water Company.

	Test Year	Projected	Cost
Water Billed (1,000 g.)	919,448	922,787	
Water Purchased (TG)	832,958	835,983	
Percent Purchased	90.59%	90.59%	
Rate/TG		1.8107	
Purchased Water x Rate/TG			1,513,714
Maintenance Fees (based on current monthly charge)			119,326
Less: Test Year Costs			(1,613,441)
ADJUSTMENT			<u>\$19,599</u>

2. Adjust power and chemical costs to reflect annualized system flows.

	Test Year	Flow Adj (TG)	Cost Impact
Purchased Power Costs	\$76,757	3,339.0	\$279
Chemical Costs	1,972		7
ADJUSTMENT			<u>\$286</u>

3. Adjust wages for filling of vacant test year position. \$5,824

4. Adjustment to annualize labor costs and reflect the annual wage increase.

Total test year labor		150,795
New Hire		5,824
Total Annualized Test Year Costs		156,619
Wage Increase		7.63%
ADJUSTMENT		<u>\$11,947</u>

5. Adjust labor associated costs relative to labor increase.

	Test Year	Labor Incr.	Cost Impact
Pension	\$3,285	11.78%	\$387
Health & Life Insurance	12,056		1,421
Other Benefits	646		76
Workers Comp	3,728		439
ADJUSTMENT			<u>\$2,323</u>

6. Reduce O&M expense to off-set tap fee revenues.

ADJUSTMENT (\$42,625)

7. Record Amortization of extraordinary repair and maintenance costs.

Amortization of Docket 98-328 Repairs	\$17,631
Amortization of Tank #1 Painting Costs	6,869
Amortization of Tank Cleaning (pressure wash)	2,929
ADJUSTMENT	<u>\$27,429</u>

8. Account for rate case costs amortized over three years.

Rate Case Costs:	Rate Consultants	\$32,500
	Legal Fees	12,500
	Internal & Contingency Costs	5,000
Amortization Period (yrs)		3
ADJUSTMENT		<u>\$16,667</u>

KIAWAH ISLAND UTILITY, INC.
Water Operation

Adjustments to Test Year Operating Statement

C) DEPRECIATION EXPENSE ADJUSTMENTS:

1. Adjust depreciation to reflect annualized group (not line item) depreciation (see Schedule W-C.4).

	Test Year	Grp Deprec.	
Structures & Improvemts	\$132,963	\$132,963	
Wells & Springs	2,645	2,645	
Pumping Equipment	19,100	19,100	
T & D Mains	41,682	55,357	
Hydrants	5,096	5,096	
Meters	2,011	2,011	
Other Equipment	17,574	17,574	
Office Furniture & Fixt.	7,592	26,942	
Transportation Equip.	12,688	20,917	
Intangible Plant	6,134	6,134	
	<u>\$247,486</u>	<u>\$288,740</u>	
ADJUSTMENT			<u>\$41,254</u>

D) TAXES-OTHER EXPENSE ADJUSTMENTS:

1. Adjust payroll taxes to reflect impacts of labor increases.

	Test Year	Labor Incr.	Cost Impact	
FICA Tax	\$10,700	11.78%	\$1,261	
FUTA Tax	480		57	
ADJUSTMENT				<u>\$1,318</u>

2. Adjustment to reflect proper level of gross receipts tax.

Revenues	\$2,862,593	
Gross Receipts Tax Rate	1.12528%	
ADJUSTMENT		<u>\$32,212</u>

E) INCOME TAX EXPENSE ADJUSTMENTS:

1. Adjustment to record impacts of state and federal income tax.

	As Adjusted	Tax Rate	
Revenues	\$2,862,593		
Less: O&M	(2,227,668)		
Deprec	(288,740)		
Taxes, Other	(127,403)		
Less: Interest Expense	(339,838)		
Taxable Income	<u>(\$121,056)</u>	37.3%	
ADJUSTMENT			<u>\$0</u>

F) PRO FORMA REVENUE ADJUSTMENT:

1. Record revenues necessary to cover cost of providing service.

Revenue Requirement	\$3,519,374	
Test Year Adjusted Revenue	<u>2,862,593</u>	
ADJUSTMENT		<u>\$656,781</u>

G) PRO FORMA TAXES-OTHER ADJUSTMENT:

1. Adjust gross receipts tax to reflect impacts of revenue increase.

Additional Revenue Requirement	\$656,781	
Gross Receipts Tax Rate	1.12528%	
ADJUSTMENT		<u>\$7,391</u>

H) PRO FORMA INCOME TAX ADJUSTMENT:

1. Record state and federal income tax expense.

	Pro Forma	Tax Rate	
Revenues	\$3,519,374		
Less: O&M	(2,227,668)		
Deprec	(288,740)		
Taxes, Other	(134,794)		
Less: Interest Expense	(339,838)		
Taxable Income	<u>\$528,334</u>	37.3%	
ADJUSTMENT			<u>\$197,069</u>

Schedule W-C.2

KIAWAH ISLAND UTILITY, INC.

Water Operation

Test Year - 12/31/2000

Operating Expenses

Operation & Maint. Expenses \$2,186,218

Depreciation Expense 187,712

Taxes, Other than Income Tax:

30-4080 FICA Tax 10,700

30-4081 FUTA Tax 480

34-4085 Property Tax 82,693

40-4090 Income Tax Expense 0

\$2,467,804

Schedule W-C.3

KIAWAH ISLAND UTILITY, INC.

Water Operation

Test Year - 12/31/2000

Operation & Maintenance Expense

30-4010	Wages	\$96,411
30-4011	Salaries	54,385
31-4040	Pension	3,285
31-4041	Health & Life Insurance	12,056
31-4042	Other Benefits	646
33-4580	Workers Comp	3,728
40-4761	Payroll Fees	491
32-4100	Purchased Water	1,613,441
35-4200	Maint-Source of Supply	0
40-4201	Water Plant Supplies	737
37-4160	Fuel for Generator	532
37-4150	Power for Pumping	76,757
37-4151	Power-Well to Golf C.	0
35-4202	Maint-Generator	940
35-4203	Maint-Pumping	1,306
35-4204	Maint-Wells	552
40-4205	Transmission Data	1,450
40-4180	Chemicals	1,972
35-4206	Maint-WTP Equipmt	480
35-4207	Meters, Matl & Supplies	10,858
35-4208	Maint-T&D Mains	11,804
35-4209	Maint-Storage	0
35-4210	Maint-Services	3,036
35-4211	Maint-Meters	0
35-4212	Maint-Hydrants	164
35-4213	Maint-Supply Lines	0
39-4700	Uncollectible Accts	4,221
33-4590	Property Insurance	26,552
40-4221	Printing	7,231
40-4222	Freight & Postage	9,341
40-4750	Communication	8,342
40-4751	Office Supplies	3,232
40-4752	Misc General Supplies	1,389
40-4753	Dues & Subscriptions	928
31-4754	Uniforms	2,123
40-4755	Lab Supplies	1,055
35-4756	Trash/Pest Control	1,041
40-4757	Travel Expense	2,877
40-4758	Training	1,935
35-4223	Small Tools	624
40-4224	Safety Equipment	1,785
40-4759	Public Relations	173
41-4340	Management Fee	58,400
38-4310	Consulting Fees	24,613
38-4320	Accounting Fees	6,938
38-4330	Legal Fees	19,456
38-4760	Other Professional Serv.	8,057
40-4082	Corporate License	8,608
40-4083	Community Assoc Fees	1,376
35-4225	Repair & Maint Ofc	714
40-4084	License & Permits	6,375
40-4500	Vehicle Expense	4,747
35-4501	Vehicle Maint.	4,079
40-4762	Equipment Fuel	0
42-4410	Land Lease	55,847
35-4763	Electrical Supplies	31
35-4764	Mechanical Supplies	117
40-4765	Programming Services	9,925
35-4766	Equipment Repairs	1,409
36-4767	Ofc Equipmt Lease	1,899
36-4768	Communication Maint	919
35-4769	Ofc Maint/Lab/Software	3,170
40-4770	Bank Charges	1,659
	O & M Expenses	<u>\$2,186,218</u>

KIAWAH ISLAND UTILITY, INC.

Water Operation

Test Year - 12/31/2000

Depreciation Expense

		UPIS Bal.	Test Year	Deprec.	Annualized
		(A)	Rate (B)	(C)	Deprec. (AxB)
13202	Structures & Improvemts	\$4,642,199	2.864%	\$132,963	\$132,963
13204	Wells & Springs	132,244	2.000%	2,645	2,645
13205	Pumping Equipment	882,143	2.165%	19,100	19,100
13207	T & D Mains	2,676,139	2.069%	41,682	55,357
13209	Hydrants	229,333	2.222%	5,096	5,096
13210	Meters	100,537	2.000%	2,011	2,011
13211	Other Equipment	333,476	5.270%	17,574	17,574
13212	Office Furniture & Fixt.	134,712	20.000%	7,592	26,942
13213	Transportation Equip.	104,586	20.000%	12,688	20,917
13203	Intangible Plant	295,004	2.079%	6,134	6,134
		<u>\$9,530,373</u>	2.584%	<u>\$247,486</u>	<u>\$288,740</u>

KIAWAH ISLAND UTILITY, INC.
Water Operation

Capital Structure

	Capital	Ratio	Water Rate Base	Embedded Cost	Weighted Cost	Return
Long-Term Debt	\$7,219,160	59.18%	\$4,176,193	8.1375%	4.82%	\$339,838
Equity	<u>4,979,229</u>	40.82%	<u>2,880,571</u>	11.5000%	<u>4.69%</u>	<u>331,266</u>
	\$12,198,389		\$7,056,764		9.51%	\$671,103

Calculation of Operating Margin (PSC Method)

Revenue Requirement	\$3,519,374
Equity Return	331,266
Operating Margin	9.41%

KIAWAH ISLAND UTILITY, INC.
Water Operation

Pro Forma Test Year-Billing Analysis
Proposed Rates

Residential	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	32,360		\$27.80		\$899,608.00		\$899,608.00
3/4"	1,128		\$41.70		47,037.60		47,037.60
1"	828		\$69.50		57,546.00		57,546.00
1 1/2"	0		\$139.00		0.00		0.00
2"	12		\$222.40		2,668.80		2,668.80
0-11 kgals.		198,867		\$2.44		485,234.73	485,234.73
12- 50 kg.		196,495		\$2.56		503,026.55	503,026.55
Over 50 kg.		64,475		\$2.80		180,531.26	180,531.26
	34,328	459,837			\$1,006,860.40	\$1,168,792.54	\$2,175,652.94
			Avg Bill	\$63.38			
General Service							
Commercial	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	528	8,001	\$27.80	\$2.80	\$14,678.40	\$22,402.80	\$37,081.20
3/4"	60	1,132	\$41.70	\$2.80	2,502.00	3,169.60	5,671.60
1"	132	8,464	\$69.50	\$2.80	9,174.00	23,699.20	32,873.20
1 1/2"	60	3,086	\$139.00	\$2.80	8,340.00	8,640.72	16,980.72
2"	84	10,972	\$222.40	\$2.80	18,681.60	30,721.45	49,403.05
3"	24	4,384	\$486.50	\$2.80	11,676.00	12,275.20	23,951.20
4"	12	3,212	\$1,396.21	\$2.80	16,754.52	8,993.60	25,748.12
6"	0	0					0.00
	900	39,251			\$81,806.52	\$109,902.57	\$191,709.09
			Avg Bill	\$213.01			
Hotel/Motel							
Hotel/Motel	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	12	9,213	\$1,675.45	\$2.80	\$20,105.40	\$25,796.40	\$45,901.80
	0	0					
	12	9,213			\$20,105.40	\$25,796.40	\$45,901.80
			Avg Bill	\$3,825.15			
Golf Course							
Golf Course	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
Potable	60	52,894	\$660.99	\$2.80	\$39,659.40	\$148,103.20	\$187,762.60
Well		142,159	\$863.79	\$0.21	51,827.40	29,853.39	81,680.79
	60	195,053			\$91,486.80	\$177,956.59	\$269,443.39
			Avg Bill	\$4,490.72			
Irrigation							
Irrigation	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	686	0	\$27.80		\$19,070.80		\$19,070.80
3/4"	624	0	\$41.70		26,020.80		26,020.80
1"	468	0	\$69.50		32,526.00		32,526.00
1 1/2"	192	0	\$139.00		26,688.00		26,688.00
2"	300	0	\$222.40		66,720.00		66,720.00
3"	60	0	\$486.50		29,190.00		29,190.00
4"	0	0	\$1,396.21		0.00		0.00
6"	0	0					0.00
0 - 50 kg.		57,885		\$2.56		148,186.07	148,186.07
Over 50 kg.		161,548		\$2.80		452,334.43	452,334.43
	2,330	219,433			\$200,215.60	\$600,520.49	\$800,736.09
			Avg Bill	\$343.66			
System Totals							
	37,630	922,787			\$1,400,475	\$2,082,969	\$3,483,443
Fire Hydrant Revenue							
							38,495
Misc. Service Revenues							
							21,373
Total System Revenues Per Billing Analysis							
							\$3,543,311
Billing Adjustments (Partial Month Bills, Misreads, etc.)							
							(23,881)
Actual Operating Revenues							
							3,519,430
Difference							
							0.68%

KIAWAH ISLAND UTILITY, INC.
Water Operation

Test Year 2000-Billing Analysis
Annualized Bills and Consumption at Present Rates

Residential	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Revenue
5/8x3/4"	32,316		\$22.40		\$723,878.40		\$723,878.40
3/4"	1,128		\$33.60		37,900.80		37,900.80
1"	828		\$56.00		46,368.00		46,368.00
1 1/2"	0		\$112.00		0.00		0.00
2"	12		\$179.20		2,150.40		2,150.40
0-2 kgals.		55,975		\$0.00			0.00
3-11 kgals.		142,637		\$2.10		299,537.19	299,537.19
12- 50 kg.		196,243		\$2.20		431,734.35	431,734.35
Over 50 kg.		64,393		\$2.41		155,186.67	155,186.67
	34,284	459,247			\$810,297.60	\$886,458.21	\$1,696,755.81
General Service							
Commercial	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	528	8,001	\$22.40	\$2.41	\$11,827.20	\$19,282.41	\$31,109.61
3/4"	60	1,132	\$33.60	\$2.41	2,016.00	2,728.12	4,744.12
1"	132	8,464	\$56.00	\$2.41	7,392.00	20,398.24	27,790.24
1 1/2"	60	3,086	\$112.00	\$2.41	6,720.00	7,437.19	14,157.19
2"	84	10,972	\$179.20	\$2.41	15,052.80	26,442.39	41,495.19
3"	24	4,384	\$392.00	\$2.41	9,408.00	10,565.44	19,973.44
4"	12	3,212	\$1,125.00	\$2.41	13,500.00	7,740.92	21,240.92
6"	0	0		\$2.41			0.00
	900	39,251			\$65,916.00	\$94,594.71	\$160,510.71
Hotel/Motel							
	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
3"	12	9,213	\$1,350.00	\$2.41	\$16,200.00	\$22,203.33	\$38,403.33
	12	9,213			\$16,200.00	\$22,203.33	\$38,403.33
Golf Course							
	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Revenue
Potable	12	52,894	\$2,663.00	\$2.41	\$31,956.00	\$127,474.54	\$159,430.54
Well		142,159	\$3,480.00	\$0.18	41,760.00	25,588.62	67,348.62
	12	195,053			\$73,716.00	\$153,063.16	\$226,779.16
Irrigation							
	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	684	0	\$22.40		\$15,321.60	\$0.00	\$15,321.60
3/4"	624	0	\$33.60		20,966.40	0.00	20,966.40
1"	468	0	\$56.00		26,208.00	0.00	26,208.00
1 1/2"	192	0	\$112.00		21,504.00	0.00	21,504.00
2"	300	0	\$179.20		53,760.00	0.00	53,760.00
3"	60	0	\$392.00		23,520.00	0.00	23,520.00
4"	0	0	\$1,125.00		0.00	0.00	0.00
6"							0.00
0 - 50 kg.		57,835		\$2.20		127,238.09	127,238.09
Over 50 kg.		161,409		\$2.41		388,996.52	388,996.52
	2,328	219,245			\$161,280.00	\$516,234.60	\$677,514.60
System Totals	37,536	922,009			\$1,127,410	\$1,672,554	\$2,799,964

KIAWAH ISLAND UTILITY, INC.
Water Operation

Test Year 2000-Billing Analysis

Present Rates

Residential	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	32,290		\$22.40		\$723,296.00		\$723,296.00
3/4"	1,061		\$33.60		35,649.60		35,649.60
1"	807		\$56.00		45,192.00		45,192.00
1 1/2"	0		\$112.00		0.00		0.00
2"	12		\$179.20		2,150.40		2,150.40
0-2 kgals.		55,930		\$0.00		\$0.00	0.00
3-11 kgals.		142,522		\$2.10		299,296.20	299,296.20
12- 50 kg.		196,085		\$2.20		431,387.00	431,387.00
Over 50 kg.		64,341		\$2.41		155,061.81	155,061.81
	<u>34,170</u>	<u>458,878</u>			<u>\$806,288.00</u>	<u>\$885,745.01</u>	<u>\$1,692,033.01</u>
			Avg Bill	<u>\$49.52</u>			
General Service							
Commercial	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	528	8,001	\$22.40	\$2.41	\$11,827.20	\$19,282.41	\$31,109.61
3/4"	60	1,132	\$33.60	\$2.41	2,016.00	2,728.12	4,744.12
1"	132	8,464	\$56.00	\$2.41	7,392.00	20,398.24	27,790.24
1 1/2"	67	3,446	\$112.00	\$2.41	7,504.00	8,304.86	15,808.86
2"	76	9,927	\$179.20	\$2.41	13,619.20	23,924.07	37,543.27
3"	24	4,384	\$392.00	\$2.41	9,408.00	10,565.44	19,973.44
4"	12	3,212	\$1,125.00	\$2.41	13,500.00	7,740.92	21,240.92
6"	0	0		\$2.41			0.00
	<u>899</u>	<u>38,566</u>			<u>\$65,266.40</u>	<u>\$92,944.06</u>	<u>\$158,210.46</u>
			Avg Bill	<u>\$175.98</u>			
Hotel/Motel	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	12	9,213	\$1,350.00	\$2.41	\$16,200.00	\$22,203.33	\$38,403.33
	<u>12</u>	<u>9,213</u>			<u>\$16,200.00</u>	<u>\$22,203.33</u>	<u>\$38,403.33</u>
			Avg Bill	<u>\$3,200.28</u>			
Golf Course	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
Potable	12	52,894	\$2,663.00	\$2.41	\$31,956.00	\$127,474.54	\$159,430.54
Well		142,159	\$3,480.00	\$0.18	41,760.00	25,588.62	67,348.62
	<u>12</u>	<u>195,053</u>			<u>\$73,716.00</u>	<u>\$153,063.16</u>	<u>\$226,779.16</u>
			Avg Bill	<u>\$18,898.26</u>			
Irrigation	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	683		\$22.40		\$15,299.20	\$0.00	\$15,299.20
3/4"	602		\$33.60		20,227.20	0.00	20,227.20
1"	468		\$56.00		26,208.00	0.00	26,208.00
1 1/2"	192		\$112.00		21,504.00	0.00	21,504.00
2"	307		\$179.20		55,014.40	0.00	55,014.40
3"	60		\$392.00		23,520.00	0.00	23,520.00
4"	0		\$1,125.00		0.00	0.00	0.00
6"							0.00
0 - 50 kg.		57,438		\$2.20		126,363.60	126,363.60
Over 50 kg.		160,300		\$2.41		386,323.00	386,323.00
	<u>2,312</u>	<u>217,738</u>			<u>\$161,772.80</u>	<u>\$512,686.60</u>	<u>\$674,459.40</u>
			Avg Bill	<u>\$291.72</u>			
System Totals	<u>37,405</u>	<u>919,448</u>			<u>\$1,123,243</u>	<u>\$1,666,642</u>	<u>\$2,789,885</u>
					<u>40.3%</u>	<u>59.7%</u>	
Fire Hydrant Revenue							38,495
Misc. Service Revenues							<u>21,373</u>
Total System Revenues Per Billing Analysis							\$2,849,753
Billing Adjustments (Partial Month Bills, Misreads, etc.)							<u>(19,206)</u>
Operating Revenues Per Books (Actual)							2,830,546
Difference							<u>0.68%</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation
Rate Base Calculation

	Test Year	Pro Forma	
		Adjustments	As Adjusted
Utility Plant in Service	\$6,105,813	\$149,000	\$6,254,813
Less: Accumulated Depreciation	(1,804,616)	(172,609)	(1,977,225)
Construction Work in Progress	0	0	0
Net Plant	\$4,301,197	(\$23,609)	\$4,277,588
Working Capital Allowance (1/8th)	79,446	(465)	78,981
Unamortized Bal. of Rate Case Exp.	0	41,667	41,667
Unamortized Bal. of Extraord. Exp.	0	53,714	53,714
Total Rate Base	<u>\$4,380,643</u>	<u>\$71,306</u>	<u>\$4,451,949</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation
Adjustments to Test Year Rate Base

a) Adjust plant in service to include year 2001 capital project costs.			
	Surfwatch Pump Station Rehab Project	\$108,000	
	Headworks R&R Project	35,000	
	Gate Project	6,000	
	ADJUSTMENT		<u>\$149,000</u>
b) Adjust accumulated depreciation to reflect 2001 annual depreciation.			
	Annual Depreciation	\$171,753	
	Depreciation on Plant Additions	856	
	ADJUSTMENT		<u>\$172,609</u>
c) Adjust working capital allowance for changes to O&M expenses.			
	Total Adjustments	\$51,871	
	Less Rate Case Amortization	(16,667)	
	Less Extraordinary Expense Amortization	(38,928)	
		<u>(\$3,723)</u>	
	Allowance	12.50%	
	ADJUSTMENT		<u>(\$465)</u>
d) To reflect the average unamortized balance of rate case expense.			
	Rate Case Costs	\$50,000	
	Amortization Period (yrs)	3	
	Remaining Amortization in Years	2.5	
	ADJUSTMENT		<u>\$41,667</u>
e) To reflect the average unamortized balance of extraordinary repair and maintenance expenses.			
	Docket No 98-328	\$47,950	
	Sludge Removal	5,764	
	ADJUSTMENT		<u>\$53,714</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Utility Plant in Service

		2000		As Adjusted
		Test Year	Adjustments	Balance
13301	Land & Land Rights	\$47,901		\$47,901
13302	Structures & Improvements	2,619,768	108,000	2,727,768
13304	Power Pumping Equip.	52,318		52,318
13305	Pumping Equipment	7,511		7,511
13207	Collection Mains	2,761,236		2,761,236
13308	T & D Equipmt	37,048	41,000	78,048
13311	Other Equipment	23,785		23,785
13312	Office Furniture & Fixtures	80,750		80,750
13313	Transportation Equipment	104,586		104,586
13309	Intangible Plant	370,909		370,909
		<u>\$6,105,813</u>	<u>\$149,000</u>	<u>\$6,254,813</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Accumulated Depreciation

		2000		As Adjusted
		Test Year	Adjustments	Balance
13302	Structures & Improvements	\$590,319	\$58,098	\$648,417
13304	Power Pumping Equip.	18,018	1,659	19,677
13305	Pumping Equipment	1,748	319	2,067
13207	Collection Mains	885,983	60,410	946,393
13308	T & D Equipmt	23,504	3,422	26,926
13311	Other Equipment	13,752	2,734	16,486
13312	Office Furniture & Fixtures	68,552	16,150	84,702
13313	Transportation Equipment	79,363	20,917	100,280
13309	Intangible Plant	123,376	8,045	131,421
		<u>\$1,804,616</u>	<u>\$171,753</u>	<u>\$1,976,369</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Statement of Operations

	<u>Test Year</u>	<u>Adjustments</u>	<u>As Adjusted</u>	<u>Adjustments</u>	<u>As Adjusted</u>	<u>% Increase</u>
Residential Sales	\$697,202	\$14,242	\$711,443			
Commercial Sales	102,508	259	102,768			
Hotel/Motel Sales	29,199	344	29,543			
Effluent Sales	160,651	42,030	202,682			
Misc Service Rev.	13,935		13,935			
Operating Revenues	<u>\$1,003,496</u>	<u>\$56,876</u>	<u>\$1,060,371</u>	<u>\$445,595</u>	<u>\$1,505,966</u>	42.02%
O & M Expense	635,571	51,871	687,442		687,442	
Depreciation Expense	151,325	20,428	171,753		171,753	
Taxes, Other	79,668	14,379	94,047	5,014	99,061	
Income Tax	0		0	124,326	124,326	
Operating Expenses	<u>866,564</u>	<u>86,678</u>	<u>953,242</u>		<u>1,082,583</u>	
Net Operating Income	<u>\$136,931</u>		<u>\$107,129</u>		<u>\$423,384</u>	
Rate Base	\$4,380,643				\$4,451,949	
Rate of Return	3.13%				9.51%	
Operating Margin (PSC Method)					13.88%	

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Adjustments to Test Year Operating Statement

A) REVENUE ADJUSTMENTS:

1. Adjustment to annualize revenues for year-end 2000.

	Per Books	Annualized	Rev. Adj.
Residential	\$697,202	\$710,486	\$13,285
Commercial	102,508	102,768	259
Hotel/Motel	29,199	29,543	344
Effluent	160,651	202,682	42,030
ADJUSTMENT			<u>\$55,919</u>

2. Adjustment to reflect anticipated customer growth for 2001.

	Growth (Bills)	Avg Bill	Rev. Adj.
Residential	44	\$21.74	\$957
ADJUSTMENT			<u>\$957</u>

B) O & M EXPENSE ADJUSTMENTS:

1. Adjust power and chemical costs to reflect annualized system flows.

	Test Year	Flow Adj (TG)	Cost Impact
Purchased Power Costs	\$21,194	2,337.3	\$77
Chemical Costs	2,065		\$8
ADJUSTMENT			<u>\$84</u>

3. Adjust wages for filling of vacant test year position. \$10,816

4. Adjustment to annualize labor costs and reflect the annual wage increase.

Total test year labor	280,048
New Hire	10,816
Total Annualized Test Year Costs	290,864
Wage Increase	7.63%
ADJUSTMENT	<u>\$22,187</u>

5. Adjust labor associated costs relative to labor increase.

	Test Year	Labor Incr.	Cost Impact
Pension	\$6,100	11.78%	\$719
Health & Life Insurance	22,390		2,639
Other Benefits	1,200		141
Workers Comp	6,924		816
ADJUSTMENT			<u>\$4,315</u>

6. Reduce O&M expense to off-set tap fee revenues.

ADJUSTMENT (\$41,125)

7. Record Amortization of extraordinary repair and maintenance costs.

Amortization of Docket 98-328 Repairs	\$27,400
Amortization of Sludge Removal	11,528
ADJUSTMENT	<u>\$38,928</u>

8. Account for rate case costs amortized over three years.

Rate Case Costs:	Rate Consultants	\$32,500
	Legal Fees	12,500
	Internal & Contingency Costs	5,000
Amortization Period (yrs)		3
ADJUSTMENT		<u>\$16,667</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Adjustments to Test Year Operating Statement

C) DEPRECIATION EXPENSE ADJUSTMENTS:

1. Adjust depreciation to reflect annualized group (not line item) depreciation (see Schedule S-C.4).

	Test Year	Grp Deprec.	
Structures & Improvements	58,098	58,098	
Power Pumping Equip.	1,659	1,659	
Pumping Equipment	319	319	
Collection Mains	60,410	60,410	
T & D Equipmt	3,422	3,422	
Other Equipment	695	2,734	
Office Furniture & Fixtures	5,991	16,150	
Transportation Equipment	12,688	20,917	
Intangible Plant	8,045	8,045	
	<u>\$151,325</u>	<u>\$171,753</u>	
ADJUSTMENT			<u>\$20,428</u>

D) TAXES-OTHER EXPENSE ADJUSTMENTS:

1. Adjust payroll taxes to reflect impacts of labor increases.

	Test Year	Labor Incr.	Cost Impact	
FICA Tax	\$19,871	11.78%	\$2,342	
FUTA Tax	892		105	
ADJUSTMENT				<u>\$2,447</u>

2. Adjustment to reflect proper level of gross receipts tax.

Revenues	\$1,060,371	
Gross Receipts Tax Rate	1.12528%	
ADJUSTMENT		<u>\$11,932</u>

E) INCOME TAX EXPENSE ADJUSTMENTS:

1. Adjustment to record impacts of income tax.

	As Adjusted	Tax Rate	
Revenues	\$1,060,371		
Less: O&M	(687,442)		
Deprec	(171,753)		
Taxes, Other	(94,047)		
Less: Interest Expense	(214,396)		
Taxable Income	(\$107,267)	37.3%	
ADJUSTMENT			<u>\$0</u>

F) PRO FORMA REVENUE ADJUSTMENT:

1. Record revenues necessary to cover cost of providing service.

Revenue Requirement	\$1,505,966	
Test Year Adjusted Revenue	<u>1,060,371</u>	
ADJUSTMENT		<u>\$445,595</u>

G) PRO FORMA TAXES-OTHER ADJUSTMENT:

1. Adjust gross receipts tax to reflect impacts of revenue increase.

Additional Revenue Requirement	\$445,595	
Gross Receipts Tax Rate	<u>1.12528%</u>	
ADJUSTMENT		<u>\$5,014</u>

H) PRO FORMA INCOME TAX ADJUSTMENT:

1. Record income tax expense.

	Pro Forma	Tax Rate	
Revenues	\$1,505,966		
Less: O&M	(687,442)		
Deprec	(171,753)		
Taxes, Other	(99,061)		
Less: Interest Expense	(214,396)		
Taxable Income	<u>\$333,314</u>	37.3%	
ADJUSTMENT			<u>\$124,326</u>

Schedule S-C.2

KIAWAH ISLAND UTILITY, INC.

Sewer Operation

Test Year - 12/31/2000

Operating Expenses

Operation & Maint. Expenses	\$635,571
Depreciation Expense	151,325
Taxes, Other than Income Tax:	
30-4080 FICA Tax	19,871
30-4081 FUTA Tax	892
34-4085 Property Tax	58,905
40-4090 Income Tax Expense	<u>0</u>
	<u>\$866,564</u>

Schedule S-C.3

KIAWAH ISLAND UTILITY, INC.

Sewer Operation

Test Year - 12/31/2000

Operation & Maintenance Expense

30-4010	Wages	\$179,049
30-4011	Salaries	101,000
31-4040	Pension	6,100
31-4041	Health & Life Insurance	22,390
31-4042	Other Benefits	1,200
33-4580	Workers Comp	6,924
40-4761	Payroll Fees	911
35-4220	Effluent Transmission	1,001
35-4350	Sludge Removal	0
37-4150	Power for Pumping	21,194
37-4152	Power-Sewage Treatmt	32,152
37-4153	Power-Effluent Transfer	8,659
35-4201	WWTP Supplies	153
35-4205	Data Transmission	1,630
40-4110	Composting	0
40-4180	Chemicals	2,065
35-4214	Maint-Collection Struct	1,924
35-4215	Maint-Services	280
35-4216	Maint-Pump S&I	3,205
35-4217	Maint-Pump Equipmt	27,956
35-4218	Maint-Lagoons	1,290
35-4219	Maint-T&D Plant	2,734
39-4700	Uncollectible Accts	4,221
33-4590	Property Insurance	24,034
40-4221	Printing	5,151
40-4222	Freight & Postage	6,654
40-4750	Communication	5,942
40-4751	Office Supplies	2,302
40-4752	Misc General Supplies	989
40-4753	Dues & Subscriptions	661
31-4754	Uniforms	1,512
40-4755	Lab Supplies	751
35-4756	Trash/Pest Control	742
40-4757	Travel Expense	2,049
40-4758	Training	1,378
35-4223	Small Tools	445
40-4224	Safety Equipment	1,272
40-4759	Public Relations	124
41-4340	Management Fee	41,600
38-4310	Consulting Fees	17,532
38-4320	Accounting Fees	4,942
38-4330	Legal Fees	13,859
38-4360	Other Professional Serv.	5,739
40-4082	Corporate License	6,131
40-4083	Community Assoc Fees	981
35-4225	Repair & Maint Ofc	509
40-4084	License & Permits	4,541
40-4500	Vehicle Expense	3,381
35-4501	Vehicle Maint.	2,906
40-4762	Equipment Fuel	0
42-4410	Land Lease	39,781
35-4763	Electrical Supplies	22
35-4764	Mechanical Supplies	83
40-4765	Programming Services	7,070
35-4766	Equipment Repairs	1,004
36-4767	Ofc Equipmt Lease	1,353
36-4768	Communication Maint	655
35-4769	Ofc Maint/Lab/Software	2,258
40-4770	Bank Charges	1,182
	O & M Expenses	<u>\$635,571</u>

KIAWAH ISLAND UTILITY, INC.

Sewer Operation

Test Year - 12/31/2000

Depreciation Expense

		Test Year		Annualized
		UPIS Bal.	Rate	Deprec.
		(A)	(B)	(AxB)
13302	Structures & Improvements	\$2,619,768	2.218%	\$58,098
13304	Power Pumping Equip.	52,318	3.170%	1,659
13305	Pumping Equipment	7,511	4.243%	319
13207	Collection Mains	2,761,236	2.188%	60,410
13306	T & D Equipmt	37,048	9.237%	3,422
13311	Other Equipment	23,785	11.494%	2,734
13312	Office Furniture & Fixtures	80,750	20.000%	16,150
13313	Transportation Equipment	104,586	20.000%	20,917
13309	Intangible Plant	370,909	2.169%	8,045
		<u>\$6,057,912</u>	2.478%	<u>\$151,325</u>
				<u>\$171,753</u>

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Capital Structure

	Capital	Ratio	Sewer Rate Base	Embedded Cost	Weighted Cost	Return
Long-Term Debt	\$7,219,160	59.18%	\$2,634,663	8.1375%	4.82%	\$214,396
Equity	<u>\$4,979,229</u>	40.82%	<u>1,817,286</u>	11.5000%	<u>4.69%</u>	<u>208,988</u>
	\$12,198,389		\$4,451,949		9.51%	\$423,384

Calculation of Operating Margin (PSC Method)

Revenue Requirement	\$1,505,966
Equity Return	208,988
Operating Margin	13.88%

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Pro Forma Test Year-Billing Analysis

<u>Proposed Rates</u>							
Residential	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	30,704		\$25.95		\$796,768.80		\$796,768.80
3/4"	1,128		\$38.93		\$43,913.04		43,913.04
1"	828		\$64.88		\$53,720.64		53,720.64
1 1/2"	0		\$129.75		\$0.00		0.00
2"	12		\$207.60		\$2,491.20		2,491.20
0-11 kgals.		189,963		\$0.68		129,174.95	129,174.95
	32,672	189,963			\$896,893.68	\$129,174.95	\$1,026,068.63
			Avg Bill	\$31.41			
<u>General Service</u>							
Commercial	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	360	6,646	\$25.95	\$2.60	\$9,342.00	\$17,279.60	\$26,621.60
3/4"	36	668	\$38.93	\$2.60	1,401.48	1,736.80	3,138.28
1"	60	2,061	\$64.88	\$2.60	3,892.80	5,358.60	9,251.40
1 1/2"	72	3,703	\$129.75	\$2.60	9,342.00	9,628.23	18,970.23
2"	72	9,719	\$207.60	\$2.60	14,947.20	25,269.40	40,216.60
3"	24	4,384	\$454.13	\$2.60	10,899.12	11,398.40	22,297.52
4"	12	3,212	\$1,297.50	\$2.60	15,570.00	8,351.20	23,921.20
6"	0	0					0.00
	636	30,393			\$65,394.60	\$79,022.23	\$144,416.83
			Avg Bill	\$227.07			
<u>Golf Course</u>							
Effluent	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	60	179,645	\$4,308.85	\$0.19	\$258,531.00	\$34,132.55	\$292,663.55
	60	179,645			\$258,531.00	\$34,132.55	\$292,663.55
			Avg Bill	\$4,877.73			
<u>Hotel/Motel</u>							
	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	12	9,213	\$1,557.00	\$2.60	\$18,684.00	\$23,953.80	\$42,637.80
	0	0					
	12	9,213			\$18,684.00	\$23,953.80	\$42,637.80
			Avg Bill	\$3,553.15			
System Totals	33,380	409,214			\$1,239,503	\$266,284	\$1,505,787
Misc. Service Revenues							13,935
Total System Revenues Per Billing Analysis							\$1,519,722
Billing Adjustments (Partial Month Bills, etc.)							(13,601)
Actual Operating Revenues							1,506,120
Difference							-0.89%

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Test Year 2000-Billing Analysis
Annualized Bills and Consumption at Present Rates

Residential	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Revenue
5/8x3/4"	30,660		\$18.00		\$551,880.00		\$551,880.00
3/4"	1,128		\$27.00		30,456.00		30,456.00
1"	828		\$45.00		37,260.00		37,260.00
1 1/2"	0		\$90.00		0.00		0.00
2"	12		\$144.00		1,728.00		1,728.00
0-11 kgals.		189,707		\$0.47		89,162.45	89,162.45
	32,628	189,707			\$621,324.00	\$89,162.45	\$710,486.45
General Service							
Commercial	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
5/8x3/4"	360	6,646	\$18.00	\$1.80	\$6,480.00	\$11,962.80	\$18,442.80
3/4"	36	668	\$27.00	\$1.80	972.00	1,202.40	2,174.40
1"	60	2,061	\$45.00	\$1.80	2,700.00	3,709.80	6,409.80
1 1/2"	72	3,703	\$90.00	\$1.80	6,480.00	6,665.70	13,145.70
2"	72	9,719	\$144.00	\$1.80	10,368.00	17,494.20	27,862.20
3"	24	4,384	\$315.00	\$1.80	7,560.00	7,891.20	15,451.20
4"	12	3,212	\$1,125.00	\$1.80	13,500.00	5,781.60	19,281.60
6"	0	0		\$1.80			0.00
	636	30,393			\$48,060.00	\$54,707.70	\$102,767.70
Golf Course							
Effluent	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	12	179,645	\$14,944.00	\$0.13	\$179,328.00	\$23,353.85	\$202,681.85
	12	179,645			\$179,328.00	\$23,353.85	\$202,681.85
Hotel/Motel							
	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
	12	9,213	\$1,080.00	\$1.80	\$12,960.00	\$16,583.40	\$29,543.40
	12	9,213			\$12,960.00	\$16,583.40	\$29,543.40
System Totals	33,288	408,958			\$861,672	\$183,807	\$1,045,479

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Test Year 2000-Billing Analysis

Present Rates

	Bills	Usage	Base Rate	Usage Rate	Base Revenue	Usage Revenue	Total Revenue
Residential							
5/8x3/4"	30,634		\$18.00		\$551,412.00		\$551,412.00
3/4"	1,061		\$27.00		28,647.00		28,647.00
1"	807		\$45.00		36,315.00		36,315.00
1 1/2"	0		\$90.00		0.00		0.00
2"	12		\$144.00		1,728.00		1,728.00
0-11 kgals.		189,045		\$0.47		\$88,850.92	88,850.92
	<u>32,514</u>	<u>189,045</u>			<u>\$618,102.00</u>	<u>\$88,850.92</u>	<u>\$706,952.92</u>
			Avg Bill	\$21.74			
General Service							
Commercial							
5/8x3/4"	360	6,646	\$18.00	\$1.80	\$6,480.00	\$11,962.80	\$18,442.80
3/4"	36	668	\$27.00	\$1.80	972.00	1,202.40	2,174.40
1"	60	2,061	\$45.00	\$1.80	2,700.00	3,709.80	6,409.80
1 1/2"	67	3,446	\$90.00	\$1.80	6,030.00	6,202.80	12,232.80
2"	72	9,719	\$144.00	\$1.80	10,368.00	17,494.20	27,862.20
3"	24	4,384	\$315.00	\$1.80	7,560.00	7,891.20	15,451.20
4"	12	3,212	\$1,125.00	\$1.80	13,500.00	5,781.60	19,281.60
6"	0	0		\$1.80			0.00
	<u>631</u>	<u>30,136</u>			<u>\$47,610.00</u>	<u>\$54,244.80</u>	<u>\$101,854.80</u>
			Avg Bill	\$161.42			
Golf Course							
Effluent	12	179,645	\$14,944.00	\$0.13	\$179,328.00	\$23,353.85	\$202,681.85
	<u>12</u>	<u>179,645</u>			<u>\$179,328.00</u>	<u>\$23,353.85</u>	<u>\$202,681.85</u>
			Avg Bill	\$16,890.15			
Hotel/Motel							
3"	12	9,213	\$1,080.00	\$1.80	\$12,960.00	\$16,583.40	\$29,543.40
	<u>12</u>	<u>9,213</u>			<u>\$12,960.00</u>	<u>\$16,583.40</u>	<u>\$29,543.40</u>
			Avg Bill	\$2,461.95			
System Totals	<u>33,169</u>	<u>408,039</u>			<u>\$858,000</u>	<u>\$183,033</u>	<u>\$1,041,033</u>
					82.4%	17.6%	
Misc. Service Revenues							<u>13,935</u>
Total System Revenues Per Billing Analysis							\$1,054,968
Billing Adjustments (Partial Month Bills, etc.)							(9,442)
Adjustment for Effluent Use Changes							(42,030)
Operating Revenues Per Books							1,003,496
Difference							5.13%

Note: Revenue difference between book and bill analysis is primarily due to the change
in golf course effluent irrigation.

A

APPENDIX A

KIAWAH ISLAND UTILITY, INC.

Work Papers and Supporting Documentation

GUASTELLA ASSOCIATES, INC.

KIAWAH ISLAND UTILITY, INC.
Water Operation
 Test Year - 12/31/2000
 Misc. Service Revenue - Allocation

		Water			Sewer
		Total	Allocation	Revenues	Revenues
22-3710	DHEC Recoupment	7,808.90	n/a	0.00	0.00
22-3711	Backflow Recoupment	7,438.00	100.0%	7,438.00	0.00
22-3712	NSF Fees	170.00	50.0%	85.00	85.00
22-3713	Late Fees	15,538.68	50.0%	7,769.34	7,769.34
22-3714	Customer Set Up Chg	9,650.00	50.0%	4,825.00	4,825.00
22-3715	Reconnect Fees	720.00	50.0%	360.00	360.00
22-3716	Delinquent Notifications	450.00	50.0%	225.00	225.00
22-3140	Misc. Revenue	1,340.92	50.0%	670.46	670.46
		<u>\$43,116.50</u>		<u>\$21,372.80</u>	<u>\$13,934.80</u>

KIAWAH ISLAND UTILITY, INC.

Work Paper 2

Water Operation

Test Year - 12/31/2000

Operating ExpensesWater
AllocationTotal
Expense

Operation & Maint. Expenses \$2,186,218

Depreciation Expense 187,712

Taxes, Other than Income Tax:

30-4080 FICA Tax 10,700 35.0% 30,571.39

30-4081 FUTA Tax 480 35.0% 1,372.06

34-4085 Property Tax 82,693 58.4% 141,597.79

40-4090 Income Tax Expense 0\$2,467,804

KIAWAH ISLAND UTILITY, INC.

Work Paper 3

Water Operation

Test Year - 12/31/2000

Operation & Maintenance Expense		Water Allocation	Total Expense
30-4010	Wages	\$96,411	35.0% 275,459.27
30-4011	Salaries	54,385	35.0% 155,384.47
31-4040	Pension	3,285	35.0% 9,384.44
31-4041	Health & Life Insurance	12,056	35.0% 34,446.79
31-4042	Other Benefits	646	35.0% 1,845.73
33-4580	Workers Comp	3,728	35.0% 10,652.00
40-4761	Payroll Fees	491	35.0% 1,401.59
32-4100	Purchased Water	1,613,441	
35-4200	Maint-Source of Supply	0	
40-4201	Water Plant Supplies	737	
37-4160	Fuel for Generator	532	
37-4150	Power for Pumping	76,757	
37-4151	Power-Well to Golf C.	0	
35-4202	Maint-Generator	940	
35-4203	Maint-Pumping	1,306	
35-4204	Maint-Wells	552	
40-4205	Transmission Data	1,450	
40-4180	Chemicals	1,972	
35-4206	Maint-WTP Equipmt	480	
35-4207	Meters, Matl & Supplies	10,858	
35-4208	Maint-T&D Mains	11,804	
35-4209	Maint-Storage	0	
35-4210	Maint-Services	3,036	
35-4211	Maint-Meters	0	
35-4212	Maint-Hydrants	164	
35-4213	Maint-Supply Lines	0	
39-4700	Uncollectible Accts	4,221	
33-4590	Property Insurance	26,552	
40-4221	Printing	7,231	58.40% 12,381.68
40-4222	Freight & Postage	9,341	58.40% 15,994.54
40-4750	Communication	8,342	58.40% 14,284.81
40-4751	Office Supplies	3,232	58.40% 5,534.67
40-4752	Misc General Supplies	1,389	58.40% 2,378.58
40-4753	Dues & Subscriptions	928	58.40% 1,589.80
31-4754	Uniforms	2,123	58.40% 3,634.42
40-4755	Lab Supplies	1,055	58.40% 1,806.35
35-4756	Trash/Pest Control	1,041	58.40% 1,783.23
40-4757	Travel Expense	2,877	58.40% 4,926.09
40-4758	Training	1,935	58.40% 3,313.40
35-4223	Small Tools	624	58.40% 1,068.77
40-4224	Safety Equipment	1,785	58.40% 3,057.11
40-4759	Public Relations	173	58.40% 296.88
41-4340	Management Fee	58,400	58.40% 99,999.96
38-4310	Consulting Fees	24,613	58.40% 42,144.70
38-4320	Accounting Fees	6,938	58.40% 11,880.00
38-4330	Legal Fees	19,456	58.40% 33,315.07
38-4760	Other Professional Serv.	8,057	58.40% 13,795.58
40-4082	Corporate License	8,608	58.40% 14,739.00
40-4083	Community Assoc Fees	1,376	58.40% 2,357.00
35-4225	Repair & Maint Ofc	714	58.40% 1,222.84
40-4084	License & Permits	6,375	58.40% 10,916.50
40-4500	Vehicle Expense	4,747	58.40% 8,128.46
35-4501	Vehicle Maint.	4,079	58.40% 6,985.03
40-4762	Equipment Fuel	0	58.40% 0.00
42-4410	Land Lease	55,847	58.40% 95,628.57
35-4763	Electrical Supplies	31	58.40% 52.49
35-4764	Mechanical Supplies	117	58.40% 199.55
40-4765	Programming Services	9,925	58.40% 16,995.00
35-4766	Equipment Repairs	1,409	58.40% 2,412.59
36-4767	Ofc Equipmt Lease	1,899	58.40% 3,251.65
36-4768	Communication Maint	919	58.40% 1,573.35
35-4769	Ofc Maint/Lab/Software	3,170	58.40% 5,428.34
40-4770	Bank Charges	1,659	58.40% 2,840.31
O & M Expenses		\$2,186,218	

KIAWAH ISLAND UTILITY, INC.

Work Paper 4

Sewer Operation

Test Year - 12/31/2000

Operating ExpensesSewer
AllocationTotal
Expense

Operation & Maint. Expenses	\$635,571		
Depreciation Expense	151,325		
Taxes, Other than Income Tax:			
30-4080 FICA Tax	19,871	65.0%	30,571.39
30-4081 FUTA Tax	892	65.0%	1,372.06
34-4085 Property Tax	58,905	41.6%	141,597.79
40-4090 Income Tax Expense	0		
	<u>\$866,564</u>		

KIAWAH ISLAND UTILITY, INC.
Water Operation

Residential Billing Data

5/8x3/4"	Bills	0-2 kgals.	3-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	10,822	9,826				9,826
	11,869	23,738	44,719			68,457
	8,223	16,446	74,007	112,815		203,268
	1,376	2,752	12,384	53,664	38,981	107,781
Total	32,290	52,762	131,110	166,479	38,981	389,332
Rate	\$22.40	\$0.00	\$2.10	\$2.20	\$2.41	
Revenue	\$723,296	\$0	\$275,331	\$366,254	\$93,944	\$1,458,825
3/4"	Bills	0-2 kgals.	3-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	275	179				179
	155	310	681			991
	462	924	4,158	8,249		13,331
	169	338	1,521	6,591	6,993	15,443
Total	1,061	1,751	6,360	14,840	6,993	29,944
Rate	\$33.60	\$0.00	\$2.10	\$2.20	\$2.41	
Revenue	\$35,650	\$0	\$13,356	\$32,648	\$16,853	\$98,507
1"	Bills	0-2 kgals.	3-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	183	145				145
	137	274	561			835
	221	442	1,989	3,954		6,385
	266	532	2,394	10,374	17,044	30,344
Total	807	1,393	4,944	14,328	17,044	37,709
Rate	\$56.00	\$0.00	\$2.10	\$2.20	\$2.41	
Revenue	\$45,192	\$0	\$10,382	\$31,522	\$41,076	\$128,172
2"	Bills	0-2 kgals.	3-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	0	0				0
	0	0	0			0
	2	4	18	48		70
	10	20	90	390	1,323	1,823
Total	12	24	108	438	1,323	1,893
Rate	\$179.20	\$0.00	\$2.10	\$2.20	\$2.41	
Revenue	\$2,150	\$0	\$227	\$964	\$3,188	\$6,529

\$1,692,033

KIAWAH ISLAND UTILITY, INC.
Water Operation

Commercial Billing Data

	5/8x3/4" (A)		3/4" (B)		1" (C)		1 1/2" (D)		2" (E)		3" (F)		4" (L)		Totals	
	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)
J	65	553	8	74	18	820	7	157	9	809	3	269	1	363	111	3,045
F	23	81	2	4	4	395	5	99	3	134	1	77	1	90	39	880
M	44	390	5	40	11	572	6	289	6	583	2	210	1	117	75	2,201
A	44	364	5	184	11	487	6	335	6	770	2	354	1	289	75	2,783
M	44	659	5	95	11	956	6	315	6	954	2	414	1	249	75	3,642
J	44	1,380	5	133	11	1,115	6	421	6	1,121	2	544	1	361	75	5,075
J	65	1,493	8	220	18	1,358	7	409	9	1,503	3	987	1	426	111	6,796
A	23	410	2	44	4	682	4	382	3	303	1	296	1	415	38	2,542
S	44	1,164	5	121	11	1,157	5	403	7	1,236	2	579	1	404	75	5,064
O	65	870	8	104	18	532	6	291	10	1,228	3	366	1	211	111	3,602
N	44	460	5	64	11	367	5	216	7	642	2	210	1	176	75	2,125
D	23	177	2	49	4	33	4	119	4	244	1	78	1	111	39	811
Total	528	8,001	60	1,132	132	8,464	67	3,446	76	9,927	24	4,384	12	3,212	899	38,566
Avg Bills/Use	44.0	15.153	5.0	18.867	11.0	64.121	5.6	51.433	6.3	130.618	2.0	182.667	1.0	267.667	74.9	42.899
Rate		\$22.40		\$2.41		\$56.00		\$112.00		\$179.20		\$2.41		\$1,125.00		\$2.41
Revenue	\$11,827	\$19,282	\$2,016	\$2,728	\$7,392	\$20,398	\$7,504	\$8,305	\$13,619	\$23,924	\$9,408	\$10,565	\$13,500	\$7,741		\$158,210

Work Paper 12

KIAWAH ISLAND UTILITY, INC.
Water/Sewer Operation

	WATER		SEWER
	Potable	Well	Effluent
J	217	682	5,366
F	249	783	10,779
M	171	6,479	17,207
A	51	16,467	19,224
M	14,317	21,671	16,768
J	6,479	23,357	19,636
J	1,654	18,023	22,115
A	3,068	9,625	23,008
S	3,402	5,457	15,963
O	15,279	22,005	14,906
N	6,976	13,140	9,684
D	1,031	4,470	4,989
Total	52,894	142,159	179,645
	\$2.41	\$0.18	\$0.13
Usage	127,475	25,589	23,354
Base	31,956	41,760	179,328
Revenue	\$159,431	\$67,349	\$202,682

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Residential Billing Data

5/8x3/4"	Bills	0-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
					0
	21,035	68,876			68,876
	8,223	90,453	112,815		203,268
	1,376	15,136	53,664	38,981	107,781
Total	30,634	174,465	166,479	38,981	379,925
Rate	\$18.00	\$0.47	\$0.00	\$0.00	
Revenue	\$551,412	\$81,998	\$0	\$0	\$633,410
3/4"	Bills	0-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	275				0
	155	1,170			1,170
	462	5,082	8,249		13,331
	169	1,859	6,591	6,993	15,443
Total	1,061	8,111	14,840	6,993	29,944
Rate	\$27.00	\$0.47	\$0.00	\$0.00	
Revenue	\$28,647	\$3,812	\$0	\$0	\$32,459
1"	Bills	0-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	183				0
	137	980			980
	221	2,431	3,954		6,385
	266	2,926	10,374	17,044	30,344
Total	807	6,337	14,328	17,044	37,709
Rate	\$45.00	\$0.47	\$0.00	\$0.00	
Revenue	\$36,315	\$2,978	\$0	\$0	\$39,293
2"	Bills	0-11 kgals.	12-50 kgals.	+ 50 kgals.	Usage (kg)
	0				0
	0	0			0
	2	22	48		70
	10	110	390	1,323	1,823
Total	12	132	438	1,323	1,893
Rate	\$144.00	\$0.47	\$0.00	\$0.00	
Revenue	\$1,728	\$62	\$0	\$0	\$1,790
					\$706,953

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Commercial Billing Data

	5/8x3/4" (A)		3/4" (B)		1" (C)		1 1/2" (D)		2" (E)		3" (F)		4" (L)		Totals	
	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)	Bills	Use (kgals)
J	44	532	5	37	8	367	7	157	9	809	3	259	1	363	77	2,534
F	16	81	1	4	2	1	5	99	3	134	1	77	1	90	29	486
M	30	357	3	38	5	81	6	289	6	583	2	210	1	117	53	1,675
A	30	327	3	182	5	83	6	335	6	770	2	354	1	289	53	2,340
M	30	610	3	95	5	116	6	315	6	954	2	414	1	249	53	2,753
J	30	949	3	73	5	146	6	421	6	1,121	2	544	1	361	53	3,615
J	44	1,246	5	127	8	372	7	409	9	1,903	3	987	1	426	77	5,470
A	16	279	1	5	2	110	4	392	3	303	1	296	1	415	28	1,800
S	30	869	3	55	5	461	5	403	6	1,191	2	579	1	404	52	3,962
O	44	812	5	33	8	220	6	291	9	1,169	3	366	1	211	76	3,102
N	30	417	3	14	5	93	5	216	6	590	2	210	1	176	52	1,716
D	16	167	1	5	2	11	4	119	3	192	1	78	1	111	28	683
Total	360	6,646	36	668	60	2,061	67	3,446	72	9,719	24	4,384	12	3,212	631	30,136
Avg Bills/Use	30.0	18,461	3.0	18,556	5.0	34,350	5.6	51,433	6.0	134,986	2.0	182,667	1.0	267,667	52.6	47,759
Rate	\$18.00	\$1.80	\$27.00	\$1.80	\$45.00	\$1.80	\$90.00	\$1.80	\$144.00	\$1.80	\$315.00	\$1.80	\$1,125.00	\$1.80		
Revenue	\$6,480	\$11,963	\$972	\$1,202	\$2,700	\$3,710	\$6,030	\$6,203	\$10,368	\$17,494	\$7,560	\$7,891	\$13,500	\$5,782		\$101,855

Work Paper 15
KIAWAH ISLAND UTILITY, INC.
Sewer Operation

	Hotel & Motel	
	Bills	Use (kgals)
J	1	576
F	1	316
M	1	528
A	1	556
M	1	706
J	1	1,086
J	1	1,175
A	1	1,041
S	1	1,298
O	1	693
N	1	782
D	1	456
Total	12	9,213
Avg Bills/Use	1.0	767.750
Rate*Rooms	\$1,080.00	\$1.80
Revenue	\$12,960	\$16,583
		<u>\$29,543</u>

KIAWAH ISLAND UTILITY, INC.
Extraordinary Repair & Maintenance Amortization Schedule

		1997	1998	1999	2000	2001	2002
Docket 96-138 (eff. 1/97)							
2.5 mg Tank #2 Painting	\$43,014 (5 yr)	8,603	8,603	8,603	8,603	8,603	
Docket 98-328 (eff. 4/99)							
Refurbish Well Pump	\$69,009 (15 yr)			3,450	4,601	4,601	4,601
Supply Line Repair	\$39,749 (5 yr)			5,962	7,950	7,950	7,950
1.0 mg Tank #3 Painting	\$25,404 (5 yr)			3,811	5,081	5,081	5,081
Sludge Removal	\$137,000 (5 yr)			20,550	27,400	27,400	27,400
Annual Amortization		\$8,603	\$8,603	\$42,376	\$53,634	\$53,634	\$45,031
1.0 mg Tank #1 Painting	\$34,346 (5 yr)						6,869
Tanks-Pressure Wash	\$8,787 (3 yr)						2,929
Sludge Removal	\$23,055 (2 yr)						11,528
Annual Amortization							\$66,357
Unamortized Balance @ YE (Doc 96-138)		34,411	25,808	17,206	8,603	0	0
Unamortized Balance @ YE (Doc 98-328)-Water				120,939	103,307	85,676	68,045
Unamortized Balance @ YE (Doc 98-328)-Sewer				116,450	89,050	61,650	34,250
		34,411	25,808	254,594	200,960	147,326	102,295
Unamortized Balance @ YE (Current Doc)-Water							33,335
Unamortized Balance @ YE (Current Doc)-Sewer							11,528
							\$147,157

APPENDIX B

KIAWAH ISLAND UTILITY, INC.

Schedule of Current Rates and Charges

Appendix A

KIAWAH ISLAND UTILITY, INC.
31 Sora Trail Rd.
Johns Island, SC 29445
(843) 768-0641

FILED PURSUANT TO DOCKET NO. 98-328-W/S – ORDER NO. 1999-216
EFFECTIVE DATE: MARCH 31, 1999

SCHEDULE OF RATES AND CHARGES

RATE SCHEDULE NO. 1 RESIDENTIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to any residential customer for any purpose.

Water Service Charges

A.	Minimum Bill 0-2,000 gal./mo.	
	5/8" meter	\$ 22.40/mo.
	3/4" meter	\$ 33.60/mo.
	1" meter	\$ 56.00/mo.
	1 1/2" meter	\$112.00/mo.
	2" meter	\$179.20/mo.
	3" meter	\$392.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:
Maximum recommended meter capacity (gpm) x \$22.40 per mo.
20 gpm

B.	Consumption Charge All over 2,000 gal./mo. and up to 11,000 gal./mo.	\$ 2.10/1000 gal.
C.	Excess Consumption Charge #1 All over 11,000 gal./mo. and up to 50,000 gal./mo.	\$ 2.20/1000 gal.
D.	Excess Consumption Charge #2 All over 50,000 gal./mo.	\$ 2.41/1000 gal.

Sewer Service Charges

A.	Basic Facilities Charge	
	5/8" water meter	\$ 18.00/mo.
	3/4" water meter	\$ 27.00/mo.
	1" water meter	\$ 45.00/mo.
	1 1/2" water meter	\$ 90.00/mo.
	2" water meter	\$144.00/mo.
	3" water meter	\$315.00/mo.

Basic Facilities Charge for sewer service where water service is through meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$18.00 \text{ per mo.}}{20 \text{ gpm}}$$

B.	Consumption Charge Based on Water Usage	\$.47/1000 gal.
	All up to 11,000 gal./mo.	

Tap-in Fees

Water tap-in fee	\$500.00
Sewer tap-in fee	\$500.00

The tap-in fee provides for installation of the normal size residential meter of 5/8" by 3/4". Where the customer requests a larger meter, Company will apply the tap-in fee schedule for larger meters as listed in the Commercial Service Schedule No. 2.

RATE SCHEDULE NO. 2 COMMERCIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Available to any Commercial or Master Metered Residential Customer for any purpose except Hotel or Motel use (see Rate Schedule No. 3).

Water Service Charges

A.	Basic Facilities Charge	
	5/8" meter	\$ 22.40/mo.
	3/4" meter	\$ 33.60/mo.
	1" meter	\$ 56.00/mo.
	1 1/2" meter	\$112.00/mo.
	2" meter	\$179.20/mo.
	3" meter	\$392.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$22.40 \text{ per mo.}}{20 \text{ gpm}}$$

- B. Consumption Charge \$2.41/1,000 gal.
for all consumption

Sewer Service Charges

- A. Basic Facilities Charge
- | | |
|--------------|--------------|
| 5/8" meter | \$ 18.00/mo. |
| 3/4" meter | \$ 27.00/mo. |
| 1" meter | \$ 45.00/mo. |
| 1 1/2" meter | \$ 90.00/mo. |
| 2" meter | \$144.00/mo. |
| 3" meter | \$315.00/mo |

Basic Facilities Charge for sewer service where water service is through meters larger than 3" shall be:

Maximum recommended meter capacity (gpm) X \$18.00 per mo.
20 gpm

- B. Consumption Charge \$1.80/ 1000 gal.
for all consumption

Tap-in Fees

		<u>Water Tap-in Fee</u>	<u>Sewer Tap-in Fee</u>
5/8"	meter	\$ 500.00	\$ 500.00
3/4"	meter	\$ 750.00	\$ 750.00
1"	meter	\$1,250.00	\$1,250.00
1 1/2"	meter	\$2,500.00	\$2,500.00
2"	meter	\$4,000.00	\$4,000.00
3"	meter	\$8,750.00	\$8,750.00

Water Tap-in Fee and Sewer Tap-in Fee for water and sewer service where the water meter is larger than 3" shall be:

Maximum recommended meter capacity (gpm) X \$500.00
20 gpm

RATE SCHEDULE NO. 3 HOTEL AND MOTEL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to all hotel and motel customers for any purpose.

Water Service Charges

- | | |
|-------------------------|-----------------|
| Basic Facilities Charge | \$9.00/mo/room |
| All Consumption | \$2.41/1000 gal |

Sewer Service Charges

Basic Facilities Charge	\$7.20/mo/room
All Consumption	\$1.80/1000 gal

Tap-in Fees

Water Tap-in Fee	\$220/room
Sewer Tap-in Fee	\$220/room

RATE SCHEDULE NO. 4 IRRIGATION SERVICE

AVAILABILITY -- Available within the Company's service area. The Company reserves the right to limit or reduce irrigation service available when, in its sole judgment, its water system conditions require such restrictions.

APPLICABILITY -- Applicable only to customers who anticipate substantial potable water use which will not be returned to the Company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

Water Service Charges

A.	Basic Facilities Charge	
	5/8" meter	\$ 22.40/mo.
	3/4" meter	\$ 33.60/mo.
	1" meter	\$ 56.00/mo.
	1 1/2" meter	\$112.00/mo.
	2" meter	\$179.20/mo.
	3" meter	\$392.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

Maximum recommended meter capacity (gpm) X \$22.40 per mo.
20 gpm

B.	Consumption Charge	\$ 2.20/1000 gal.
	All up to 50,000 gal./mo.	
C.	Excess Consumption Charge	\$ 2.41/1000 gal.
	All over 50,000 gal./mo.	

Tap-in Fees

5/8" meter	\$ 500.00
3/4" meter	\$ 750.00
1" meter	\$1,250.00
1 1/2" meter	\$2,500.00
2" meter	\$4,000.00
3" meter	\$8,750.00

Water Tap-in Fee where the water meter is larger than 3" shall be:
$$\frac{\text{Maximum recommended meter capacity(gpm)} \times \$500.00}{20 \text{ gpm}}$$

RATE SCHEDULE NO. 5 FIRE HYDRANT SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to fire hydrants connected to Company water mains.

Water Service Charges

\$100.00 per hydrant per year payable semiannually in advance for fire fighting service.

When temporary water service from a hydrant is requested by a contractor or others, a meter will be installed and the charge will be:

\$8.00 for each day of use, PLUS \$2.41/1000 gals. for ALL water used, PLUS a \$50 security deposit.

RATE SCHEDULE NO. 6 GOLF COURSE IRRIGATION

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from the wastewater treatment plant.

Water Service Charges

A. Effluent water will be billed at the rate of:

Basic Facilities Charge	\$14,944.00/mo.
Consumption	\$.13/1000 gal.

B. Deep well water will be billed at the rate of:

Basic Facilities Charge	\$3,480.00/mo.
Consumption	\$.18/1000 gal.

C. Potable water will be billed at the rate of:

Basic Facilities Charge	\$2,663.00/mo.
Consumption	\$2.41/1000 gal.

RATE SCHEDULE NO. 7 FIRE LINE SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable for private fire lines.

Water Service Charges

Basic Facilities Charge

2" line	\$ 6.00/mo.
3" line	\$11.00/mo.
4" line	\$19.00/mo.
6" line	\$38.00/mo.

Tap-in Fees

2" line	\$4,000.00
3" line	\$8,750.00

Water Tap-in Fee where the service is larger than 3" shall be based on the tap-in fee schedule as listed in the Commercial Service Schedule No. 2.

CHARGES FOR SERVICE DISCONTINUANCE, RECONNECTION AND OTHER MISCELLANEOUS SERVICE CHARGES

1. When a customer requests temporary discontinuance of service for the apparent purpose of eliminating the minimum bill, during such cut-off period the Company may make a charge equivalent to a three months minimum bill for both water and sewer service and require payment of such charge before service is restored.
2. Temporary discontinuance of service for such purposes as maintenance or construction will be made and the Company may charge the customer the actual cost plus 25%.
3. Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company may make a charge of \$25.00 for water and \$100.00 for sewer before service is restored.
4. Whenever service has been disconnected for reasons other than set forth in (3) above, the Company shall have the right to charge a \$25.00 reconnection fee to restore service after 4:30 p.m. Monday-Friday or Saturday/Sunday.
5. Delinquent Notification Fee - \$10.00. A fee of \$10.00 shall be charged each customer to whom the Company mails a notice of discontinuance of

service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.

6. Customer Account Charge - \$25.00. One-time fee charged to each new account to defray costs of initiating service.
7. Return Check Charge (NSF) - \$20.00.
8. Backflow Monitoring - \$0.20 per month. A fee of \$0.20 per month shall be charged each customer to reimburse the Company for Backflow Monitoring required by DHEC regulations.
9. DHEC Charges. If the South Carolina Department of Health & Environmental Control charges the Company an assessment based on customer units served by the Company, the Company may bill its customers for the applicable unit cost of that assessment. The charge shall be identified as a separate billed item and included in the total of the service billing.

APPENDIX C

KIAWAH ISLAND UTILITY, INC.

Schedule of Proposed Rates and Charges

KIAWAH ISLAND UTILITY, INC.

31 Sora Rail Road
Johns Island, S.C. 29455
(843) 768-0641

SCHEDULE OF PROPOSED RATES AND CHARGES

RATE SCHEDULE NO. 1 RESIDENTIAL SERVICE

AVAILABILITY - Available within the Company's service area.

APPLICABILITY - Applicable to any residential customer for any purpose.

Water Service Charges

A.	Base Facilities Charge	
	5/8" meter	\$27.80 / mo.
	3/4" meter	\$41.70 / mo.
	1" meter	\$69.50 / mo.
	1 1/2" meter	\$139.00 / mo.
	2" meter	\$222.40 / mo.
	3" meter	\$486.50 / mo.
	4" meter	\$1,396.21 / mo.

Base Facilities Charge for water service with meters larger than 4" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$27.80 \text{ per mo.}}{20 \text{ gpm}}$$

B.	Consumption Charge	
	All up to 11,000 gals./mo.	\$2.44 /1000 gal.
C.	Excess Consumption Charge #1	\$2.56 /1000 gal.
	All over 11,000 gal./mo. and up to 50,000 gal./ mo.	
D.	Excess Consumption Charge #1	\$2.80 /1000 gal.
	All over 50,000 gal./mo.	

Sewer Service Charges

A.	Base Facilities Charge	
	5/8" water meter	\$25.95 / mo.
	3/4" water meter	\$38.93 / mo.
	1" water meter	\$64.88 / mo.
	1 1/2" water meter	\$129.75 / mo.
	2" water meter	\$207.60 / mo.
	3" water meter	\$454.13 / mo.
	4" water meter	\$1,297.50 / mo.

Base Facilities Charge for sewer service where water service is through meters larger than 4" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$25.95 \text{ per mo.}}{20 \text{ gpm}}$$

B.	Consumption Charge based on Water Usage	
	All up to 11,000 gals./mo.	\$0.68 /1000 gal.

Tap-In Fees

Water Tap-In Fee	\$500.00
Sewer Tap-In Fee	\$500.00

The tap-in fee provides for installation of the normal size residential meter of 5/8" by 3/4". Where the customer requests a larger meter, the Company will apply the tap-in schedule for larger meters as listed in the Commercial Service Schedule No. 2.

RATE SCHEDULE NO. 2 COMMERCIAL SERVICE

AVAILABILITY - Available within the Company's service area.

APPLICABILITY - Applicable to any commercial or master metered residential customer for any purpose except hotel or motel use (see Rate Schedule No. 3).

Water Service Charges

A.	Base Facilities Charge	
	5/8" meter	\$27.80 / mo.
	3/4" meter	\$41.70 / mo.
	1" meter	\$69.50 / mo.
	1 1/2" meter	\$139.00 / mo.
	2" meter	\$222.40 / mo.
	3" meter	\$486.50 / mo.
	4" meter	\$1,396.21 / mo.

Base Facilities Charge for water service with meters larger than 4" shall be:

Maximum recommended meter capacity (gpm) x \$27.80 per mo.
20 gpm

B.	Consumption Charge	\$2.80 /1000 gal. for all consumption
----	--------------------	--

Sewer Service Charges

A.	Base Facilities Charge	
	5/8" water meter	\$25.95 / mo.
	3/4" water meter	\$38.93 / mo.
	1" water meter	\$64.88 / mo.
	1 1/2" water meter	\$129.75 / mo.
	2" water meter	\$207.60 / mo.
	3" water meter	\$454.13 / mo.
	4" water meter	\$1,297.50 / mo.

Base Facilities Charge for sewer service where water service is through meters larger than 4" shall be:

Maximum recommended meter capacity (gpm) x \$25.95 per mo.
20 gpm

B.	Consumption Charge based on Water Usage	\$2.60 /1000 gal. for all consumption
----	---	--

Tap-In Fees

	<u>Water Tap-In Fee</u>	<u>Sewer Tap-In Fee</u>
5/8" meter	\$500.00	\$500.00
3/4" meter	\$750.00	\$750.00
1" meter	\$1,250.00	\$1,250.00
1 1/2" meter	\$2,500.00	\$2,500.00
2" meter	\$4,000.00	\$4,000.00
3" meter	\$8,750.00	\$8,750.00

Water tap-in fee and sewer tap-in fee for water and sewer service where the water meter is larger than 3" shall be:

Maximum recommended meter capacity (gpm) x \$500.00
20 gpm

RATE SCHEDULE NO. 3 HOTEL AND MOTEL SERVICE

AVAILABILITY - Available within the Company's service area.

APPLICABILITY - Applicable to all hotel and motel customers for any purpose.

Water Service Charges

Base Facilities Charge	\$11.17 /mo./room
All Consumption	\$2.80 /1000 gal.

Sewer Service Charges

Base Facilities Charge	\$10.38 /mo./room
All Consumption	\$2.60 /1000 gal.

Tap-In Fees

Water Tap-In Fee	\$220.00 /room
Sewer Tap-In Fee	\$220.00 /room

RATE SCHEDULE NO. 4 IRRIGATION SERVICE

AVAILABILITY - Available within the Company's service area. The Company reserves the right to limit or reduce the irrigation service available when, in its sole judgment, its water system conditions require such restrictions.

APPLICABILITY - Applicable only to customers who anticipate substantial potable water use which will not be returned to the Company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

Water Service Charges

A.	Base Facilities Charge	
	5/8" meter	\$27.80 / mo.
	3/4" meter	\$41.70 / mo.
	1" meter	\$69.50 / mo.
	1 1/2" meter	\$139.00 / mo.
	2" meter	\$222.40 / mo.
	3" meter	\$486.50 / mo.
	4" meter	\$1,396.21 / mo.

Base Facilities Charge for water service with meters larger than 4" shall be:
 $\text{Maximum recommended meter capacity (gpm)} \times \27.80 per mo.
20 gpm

B.	Consumption Charge	
	All up to 50,000 gals./mo.	\$2.56 /1000 gal.
C.	Excess Consumption Charge	
	All over 50,000 gal./mo.	\$2.80 /1000 gal.

Tap-In Fees

5/8" meter	\$500.00
3/4" meter	\$750.00
1" meter	\$1,250.00
1 1/2" meter	\$2,500.00
2" meter	\$4,000.00
3" meter	\$8,750.00

Water tap-in fee where the water meter is larger than 3" shall be:
 $\text{Maximum recommended meter capacity (gpm)} \times \500.00
20 gpm

RATE SCHEDULE NO. 5 FIRE HYDRANT SERVICE

- AVAILABILITY** - Available within the Company's service area.
APPLICABILITY - Applicable to fire hydrants connected to Company water mains.

Water Service Charges

\$100 per hydrant per year payable semiannually in advance for fire fighting service.

When temporary water service from a hydrant is requested by a contractor or others, a meter will be installed and the charge will be:
\$8.00 for each day of use, PLUS \$2.80/1000 gals for ALL water used, PLUS a \$50 security deposit.

RATE SCHEDULE NO. 6 GOLF COURSE IRRIGATION

- AVAILABILITY** - Available within the Company's service area.
APPLICABILITY - Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from the wastewater treatment plant.

Water Service Charges

- | | | |
|----|--|-------------------|
| A. | Effluent water will be billed at a rate of: | |
| | Base Facilities Charge per Golf Course | \$4,308.85 / mo. |
| | Consumption | \$0.19 /1000 gal. |
| B. | Deep well water will be billed at a rate of: | |
| | Base Facilities Charge per Golf Course | \$863.79 / mo. |
| | Consumption | \$0.21 /1000 gal. |
| C. | Potable water will be billed at a rate of: | |
| | Base Facilities Charge per Golf Course | \$660.99 / mo. |
| | Consumption | \$2.80 /1000 gal. |

RATE SCHEDULE NO. 7 FIRE LINE SERVICE

- AVAILABILITY** - Available within the Company's service area.
APPLICABILITY - Applicable for private fire lines.

Water Service Charges

Base Facilities Charge	
2" Line	\$6.00 / mo.
3" Line	\$11.00 / mo.
4" Line	\$19.00 / mo.
6" Line	\$38.00 / mo.

Tap-In Fees

2" Line	\$4,000.00
3" Line	\$8,750.00

Water tap-in fee where the service is larger than 3" shall be based on the tap-in fee schedule as listed in the Commercial Service Schedule No. 2.

KIAWAH ISLAND UTILITY, INC.

Work Paper 5

Sewer Operation				
Test Year - 12/31/2000				
Operation & Maintenance Expense			Sewer Allocation	Total Expense
30-4010	Wages	\$179,049	65.0%	275,459.27
30-4011	Salaries	101,000	65.0%	155,384.47
31-4040	Pension	6,100	65.0%	9,384.44
31-4041	Health & Life Insurance	22,390	65.0%	34,446.79
31-4042	Other Benefits	1,200	65.0%	1,845.73
33-4580	Workers Comp	6,924	65.0%	10,652.00
40-4761	Payroll Fees	911	65.0%	1,401.59
35-4220	Effluent Transmission	1,001		
35-4350	Sludge Removal	0		
37-4150	Power for Pumping	21,194		
37-4152	Power-Sewage Treatmt	32,152		
37-4153	Power-Effluent Transfer	8,659		
35-4201	WWTP Supplies	153		
35-4205	Data Transmission	1,630		
40-4110	Composting	0		
40-4180	Chemicals	2,065		
35-4214	Maint-Collection Struct	1,924		
35-4215	Maint-Services	280		
35-4216	Maint-Pump S&I	3,205		
35-4217	Maint-Pump Equipmt	27,956		
35-4218	Maint-Lagoons	1,290		
35-4219	Maint-T&D Plant	2,734		
39-4700	Uncollectible Accts	4,221		
33-4590	Property Insurance	24,034		
40-4221	Printing	5,151	41.60%	12,381.68
40-4222	Freight & Postage	6,654	41.60%	15,994.54
40-4750	Communication	5,942	41.60%	14,284.81
40-4751	Office Supplies	2,302	41.60%	5,534.67
40-4752	Misc General Supplies	989	41.60%	2,378.58
40-4753	Dues & Subscriptions	661	41.60%	1,589.80
31-4754	Uniforms	1,512	41.60%	3,634.42
40-4755	Lab Supplies	751	41.60%	1,806.35
35-4756	Trash/Pest Control	742	41.60%	1,783.23
40-4757	Travel Expense	2,049	41.60%	4,926.09
40-4758	Training	1,378	41.60%	3,313.40
35-4223	Small Tools	445	41.60%	1,068.77
40-4224	Safety Equipment	1,272	41.60%	3,057.11
40-4759	Public Relations	124	41.60%	296.88
41-4340	Management Fee	41,600	41.60%	99,999.96
38-4310	Consulting Fees	17,532	41.60%	42,144.70
38-4320	Accounting Fees	4,942	41.60%	11,880.00
38-4330	Legal Fees	13,859	41.60%	33,315.07
38-4360	Other Professional Serv.	5,739	41.60%	13,795.58
40-4082	Corporate License	6,131	41.60%	14,739.00
40-4083	Community Assoc Fees	981	41.60%	2,357.00
35-4225	Repair & Maint Ofc	509	41.60%	1,222.84
40-4084	License & Permits	4,541	41.60%	10,916.50
40-4500	Vehicle Expense	3,381	41.60%	8,128.46
35-4501	Vehicle Maint.	2,906	41.60%	6,985.03
40-4762	Equipment Fuel	0	41.60%	0.00
42-4410	Land Lease	39,781	41.60%	95,628.57
35-4763	Electrical Supplies	22	41.60%	52.49
35-4764	Mechanical Supplies	83	41.60%	199.55
40-4765	Programming Services	7,070	41.60%	16,995.00
35-4766	Equipment Repairs	1,004	41.60%	2,412.59
36-4767	Ofc Equipmt Lease	1,353	41.60%	3,251.65
36-4768	Communication Maint	655	41.60%	1,573.35
35-4769	Ofc Maint/Lab/Software	2,258	41.60%	5,428.34
40-4770	Bank Charges	1,182	41.60%	2,840.31
O & M Expenses		<u>\$635,571</u>		

Work Paper 6

KIAWAH ISLAND UTILITY, INC.
Water Operation

Revenue Requirement Calculation:

Equity Return		331,266
SIT & FIT Impact	37.30%	197,069
		<u>528,334</u>

O & M Expense		2,227,668
Depreciation Expense		288,740
Payroll Tax		12,498
Property Tax		82,693
Gross Receipts	0.0112528	39,603
Interest Expense		<u>339,838</u>
		3,519,374

Work Paper 7

KIAWAH ISLAND UTILITY, INC.
Sewer Operation

Revenue Requirement Calculation:

Equity Return		208,988
SIT & FIT Impact	37.30%	124,326
		<u>333,314</u>

O & M Expense		687,442
Depreciation Expense		171,753
Payroll Tax		23,210
Property Tax		58,905
Gross Receipts	0.0112528	16,946
Interest Expense		<u>214,396</u>

1,505,966

RATE SCHEDULE NO. 8
STANDBY SERVICE - GOLF COURSES

Available For

This tariff sets forth rates and terms and conditions of Standby Service applicable to any golf course customer that has an Alternative Source of Supply. For purposes of this tariff, an Alternative Source of Supply shall mean any external or internal source of water supply (or combination of such sources of supply) other than the Company, including an expansion of, or an addition to, an existing source of water supply, which (I) has capacity available to provide the Standby Customer with at least 100,000 gallons of water per day on average; and (II) supplies or is intended to supply water which would, to the extent that the source of supply becomes unavailable or inadequate to meet the customer's needs, be otherwise provided by the Company. Each Standby Customer is required to enter into a Standby Service Contract and pay the charges applicable to Standby Service in accordance with the provisions of this tariff.

Amount of Standby Service

The Standby Service Contract shall identify the Standby Customer's Contractual Maximum Daily Standby Demand, i.e., the maximum daily amount of water that the Company is obligated to provide as a standby source of supply in the event that all or a portion of the Standby Customer's Source(s) of Supply becomes unavailable to the Standby Customer or is unable to meet the Standby Customer's needs. The Contractual Maximum Daily Standby Demand shall be equal to either (I) the total capacity of the Customer's Alternative Source(s) of Supply or (II) such other reasonable amount which the Company and the Standby Customer may agree upon. The Contractual Maximum Daily Standby Demand shall be subject to adjustment in accordance with the above provision in the event that the total capacity of the Standby Customer's Alternative Source(s) of Supply is increased or decreased.

Demand Charges

Each Standby Customer shall pay for each billing period a Monthly Demand Charge of \$14.20 per 1,000 gallons of Contractual Maximum Daily Standby Demand, subject to an additional charge for standby usage in excess of that demand, as specified below.

Usage Charges

In addition to the monthly Demand Charge specified above, each Standby Customer shall pay the then in effect consumption rates for each source of golf irrigation applied to the amount of that source actually used for the billing period (whether or not for standby purposes). For all usage (whether or not for standby purposes) in excess of the amount consistent with the Contractual Maximum Daily Demand, the Standby Customer shall be charged for usage in accordance with Usage Rates contained in the otherwise applicable Metered General Water Service Schedule of Rates.

RATE SCHEDULE NO. 8
STANDBY SERVICE - GOLF COURSES

Requirements For Service Under Tariff

Each customer which acquires or adds an Alternative Source(s) of Supply and, as a result becomes a Standby Customer as defined in this tariff shall, within ten days of doing so, notify the Company of the total amount of the capacity of the Standby Customer's Alternative Source(s) of Supply, and enter into Standby Service Contract in accordance with the terms of this tariff.

Each Standby Customer which is taking service under Standby Service Contract pursuant to this tariff and takes actions which increase the capacity of the Standby Customer's Alternative Source(s) of Supply shall, within ten days of doing so, notify the Company of the resulting total capacity of the Customer's Alternative Sources of Supply, at which time the Contractual Maximum Daily Standby Demand under contract may be subject to adjustment in accordance with the terms of this tariff at the election of the Company.

Charge For Usage In Excess of Contractual Demand

The following provision applies only to each Standby Customer whose Contractual Maximum Daily Demand is less than the total capacity of its Alternative Source(s) of Supply. If and when the maximum daily amount of standby water actually used by such a Standby Customer (the "Actual Maximum Daily Standby Demand") exceeds that customer's then existing Contractual Maximum Daily Standby Demand: (I) the Actual Maximum Daily Standby Demand may, at the election of the Company, become that customer's new Contractual Maximum Daily Standby Demand beginning with the month in which the Actual Maximum Daily Standby Demand is established and (II) the Standby Customer shall be subject to an Excess Usage Charge in addition to all other charges under this tariff. The Excess Usage Charge shall be determined by applying the Monthly Demand Charge per thousand gallons to the number of gallons calculated by multiplying the difference between the Actual Maximum Daily Standby Demand and the existing Contractual Maximum Daily Standby Demand by the lesser of (I) 24 months or (II) the number of months during the period beginning with the month for which the existing Contractual Maximum Daily Demand first became effective and ending with the month immediately preceding the month in which the Actual Daily Standby Demand was established.

Requirement For Standby Customers Which Fail To Enter Into Standby Service Contract

A Customer qualifying for Standby Service but which has not entered into Standby Service Contract with the Company in accordance with the requirements of the tariff, and requires water from the Company in an amount equal to or greater than 100,000 gallons per day, may obtain such water from the Company on the following conditions: (I) the customer shall enter into a Standby Service Contract pursuant to the terms and conditions of this tariff and (II) the customer shall pay an Excess Usage Charge, which shall be determined by applying the Demand Charge per thousand gallons to the number of

RATE SCHEDULE NO. 8
STANDBY SERVICE - GOLF COURSES

gallons calculated by multiplying the maximum daily demand required by the lesser of (I) 24 months (II) the number of months during the period beginning with the month following the effectiveness of this tariff in which the customer first met the definition of Standby Customer and ending with the month in which the customer enters into a Standby Service Contract.

**STANDBY SERVICE AGREEMENT
GOLF COURSE CUSTOMER
RATE SCHEDULE NO. 8**

DATE OF REQUEST: _____

NAME OF STANDBY CUSTOMER: _____

If an individual golf course has an alternate source of water and does not depend on the combined sources provided by the Company, yet desires the Company to make available a specific quantity of water for reliability purposes, it must enter into this Standby Service Agreement.

GOLF COURSE SERVICE ADDRESS:

Contractual Maximum Daily Standby Demand in Thousand Gallons: _____

Monthly Demand Charge (Standby Demand x \$14.20/thousand) \$ _____

Standby Customer agrees to pay the monthly demand charge as shown above as well as any additional applicable charges as described in Rate Schedule #8.

Signature of Standby Customer

Notarized By: _____

Accepted by the Company: _____

PURCHASED WATER ADJUSTMENT

Kiawah Island Utility, Inc. ("Company") purchases its potable water from the St. John's Water Company ("St. John's"), which in turn purchases the water from the Commissioners of Public Works of the City of Charleston ("CPW"). Whenever CPW increases the price of water sold to St. John's, the increase in price is passed through to the Company pursuant to the water purchase agreement between the Company and St. John's.

The water purchase agreement also provides, as part of the purchased water price, a pro-rata share of St. John's annual operation and maintenance costs to be charged to the Company. Therefore, the Company's revenue requirement for purchased water is made up of the water unit price per thousand gallons and the operation and maintenance costs charged by St. John's.

Accordingly, whenever there is a price adjustment for the purchase of potable water to Company by the St. John's Water Company, the following billing adjustment shall be made by the Company to its customer rates:

1. Billing Adjustment

In the event that St. John's adjusts (whether an increase or decrease) the unit price per 1,000 gallons and/or the operation and maintenance charges related to the purchase of potable water, the following billing adjustment practice would apply:

- (a) If the unit price is adjusted the cost change per 1,000 gallons would be passed through to the customers as an adjustment in like amount to the consumption charge on their water bill.
Example: The unit price of purchased water is increased by two cents per 1,000 gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.
- (b) If the pro-rata operation and maintenance charge is adjusted the cost change per 1,000 gallons (based on the most recent 12 months of potable water billed) would be passed through to the customers as an adjustment to the consumption charge on their water bill.
Example: The annual operation and maintenance charge is increased by \$13,000 and the most recent 12 months of potable water billed is 900,000 thousand gallons. The consumption charge on the customers bill would reflect a two cent per 1,000 gallon increase.

2. Notification

Any special billing adjustment shall not be billed until the following conditions are met:

- (a) The Company shall furnish the South Carolina Public Service Commission satisfactory proof of the basis for the adjustment and the billing method to be utilized at least sixty (60) days prior to its proposed effective date.
- (b) The Company shall furnish thirty (30) days prior written notice to the customers affected by the Purchased Water Adjustment advising them of the basis for the billing adjustment and its effective date.

CHARGES FOR SERVICE DISCONTINUANCE, RECONNECTION
AND OTHER MISCELLANEOUS SERVICE CHARGES

1. When a customer requests discontinuance of service for reasons other than major repair, maintenance, or construction at the service address or for the transfer of possession or ownership of the service address, the Company may charge the equivalent of three months of basic facilities charges for both water and sewer service and require payment of such charges when for any reason service is restored to that particular customer
2. Temporary discontinuance of service for such purposes as maintenance or construction will be made and the Company may charge the customer the actual cost plus 25%.
3. Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company may make a charge of \$25.00 for water and \$100.00 for sewer before service is restored.
4. Whenever service has been disconnected for reasons other than set forth in (3) above, the Company shall have the right to charge a \$25.00 reconnection fee to restore service.
5. Delinquent Notification Fee -\$10.00. A fee of \$10.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to sewer being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.
6. Customer Account Charge - \$25.00. One-time fee charged to each new account to defray costs of initiating service.
7. Return Check Charge (NSF) - \$20.00.
8. Backflow Monitoring - \$0.20 per month. A fee of \$0.20 per month shall be charged each customer to reimburse the Company for Backflow Monitoring required by DHEC regulations.
9. DHEC Charge. If the South Carolina Department of Health & Environmental Control charges the Company an assessment based on customer units served by the Company, the Company may bill its customers for the applicable unit cost of that assessment. The charge shall be identified as a separate billed item and included in the total of the service billing.

APPENDIX D

KIAWAH ISLAND UTILITY, INC.

Customer Billing Form



31 SOLOA TAIL ROAD • KAWAII ISLAND • JOHNS ISLAND, SC 29455
IF THERE IS ANY QUESTION ABOUT YOUR BILL, CALL 843-768-0641

PREVIOUS READING		DESCRIPTION	AMOUNT
		PREVIOUS BALANCE	
LATEST READING			
WATER GALLONS USED			
NO. DAYS THIS BILL			
TYPE OF SERVICE			
		LOCATION SERVED	

RETURN THIS PORTION WITH PAYMENT

RETAIN THIS PORTION FOR YOUR RECORDS
RATE SCHEDULES FURNISHED ON REQUEST
DUE AND PAYABLE WHEN RENDERED

DELINQUENCY FEE MAY BE ADDED ON ALL INVOICES
DAYS AFTER STATEMENT DATE

APPENDIX E

KIAWAH ISLAND UTILITY, INC.

Tap Fee Calculation

KIAWAH ISLAND UTILITY, INC.

Water and Sewer Operation

Tap Fee Costs

WATER

Materials	\$73.94
Equipment Time	50.00
Labor 4 man-hours @ \$44.20/hr.	176.80
Contractor's cost to install lateral	350.00
TOTAL	<u>\$650.74</u>

SEWER

Contractor's cost to install lateral	\$500.00
Equipment time	50.00
Labor 3 man-hours @ \$44.20/hr.	132.60
TOTAL	<u>\$682.60</u>

APPENDIX F

KIAWAH ISLAND UTILITY, INC.

Performance Bond

CERTIFICATE RENEWAL NOTICE

H

YOUR CERTIFICATE DESCRIBED BELOW HAS BEEN RENEWED FOR A 12 MONTH TERM EARNING 3.680%. INTEREST ON YOUR CERTIFICATE IS COMPOUNDED DAILY, AND AN INTEREST CHECK WILL CONTINUE TO BE MAILED TO YOU MONTHLY. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT WACHOVIA ON-CALL AT 1-800-WACHOVIA (1-800-922-4684). WE APPRECIATE YOUR BUSINESS AND LOOK FORWARD TO CONTINUING TO SERVE YOUR INVESTMENT NEEDS.

KIAWAH ISLAND UTILITY INC
31 SORA RAIL RD
KIAWAH ISLAND
JOHNS ISLAND SC 29455

JUL 21 2001

RENEWED CD

ACCOUNT NUMBER:	4080523
CURRENT BALANCE:	50,000.00
MATURITY DATE:	07/03/02

BK 201 DX025-01 3108 07/16/01 U2 356

CERTIFICATE RENEWAL NOTICE

H

YOUR CERTIFICATE DESCRIBED BELOW HAS BEEN RENEWED FOR A 12 MONTH TERM EARNING 3.680%. INTEREST ON YOUR CERTIFICATE IS COMPOUNDED DAILY, AND AN INTEREST CHECK WILL CONTINUE TO BE MAILED TO YOU MONTHLY. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT WACHOVIA ON-CALL AT 1-800-WACHOVIA (1-800-922-4684). WE APPRECIATE YOUR BUSINESS AND LOOK FORWARD TO CONTINUING TO SERVE YOUR INVESTMENT NEEDS.

KIAWAH ISLAND UTILITY INC
31 SORA RAIL RD
KIAWAH ISLAND
JOHNS ISLAND SC 29455

JUL 21 2001

RENEWED CD

ACCOUNT NUMBER:	4080522
CURRENT BALANCE:	50,000.00
MATURITY DATE:	07/03/02

BK 201 DX025-01 3108 07/16/01 U2 355

KIAWAH ISLAND UTILITY, INC.

PERFORMANCE BOND
FOR SEWER SERVICE

KNOW ALL MEN BY THESE PRESENTS, that Kiawah Island Utility, Inc., designated as "principal," is held and firmly bound unto the Public Service Commission of South Carolina designated as "obligee," in the penal sum of Fifty Thousand Dollars (\$50,000.00), for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, firmly by these presents.

WHEREAS, in accordance with the provisions of Section 58-5-720 of the Code of Laws of the State of South Carolina, 1976 as amended, (1978) the principal has delivered to the Commission a certificate of deposit, with such endorsement as required by the Commission, of a federal or state chartered bank, or of a savings and loan association which maintains an office in this State and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, and

WHEREAS, the obligee has granted the principal a certificate of public convenience and necessity and approved a schedule of rates for sewer service in areas shown on operating area maps filed with the obligee, and

WHEREAS, this bond and the certificate of deposit, when approved by the obligee, conditioned as in said 58-5-720, are to cover any and all liability, which may arise

as a result of the principal failing to provide adequate and sufficient service within its service area, as provided in Section 58-5-720, and

WHEREAS, the obligee, after notice and hearing, shall have the right to Order all or any part of the bond or the certificate of deposit forfeited upon a determination by the obligee that the principal shall have willfully failed to provide adequate and sufficient service within its service area, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond and the certificate of deposit are hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of Section 58-5-710 of the Code of Laws of the State of South Carolina 1976, and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond or the certificate of deposit, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, this bond shall become effective on the date executed by the principal, and shall continue from year to year unless the obligations of the principal under this bond is expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal to be heard, may order that the face amount of this bond be changed within the limits set forth in Section 58-5-270 of the Code of Laws of the State of South Carolina 1976, as amended (1978).

NOW, THEREFORE, in testimony whereof, said principal has hereunto subscribed its name this 1st day of July, 1988.

IN THE PRESENCE OF:

Duncan C. Lodge
W. Blum

KIAWAH ISLAND UTILITY, INC.

By:

Frank W. Brumley
Frank W. Brumley
Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Frank W. Brumley who, being duly sworn, deposes and says that he is the President of Kiawah Island Utility, Inc., that he has read and executed the foregoing Performance Bond for Sewer Service on behalf of Kiawah Island Utility, Inc., and that he is authorized to execute the same on behalf of Kiawah Island Utility, Inc. by the order of the Board of Directors of said corporation.

KIAWAH ISLAND UTILITY, INC.

By: Frank W. Brumley
Frank W. Brumley
Its President

SWORN to before me this 1st
day of July, 1988.

Lucas E. Salter (SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission Expires: 12/19/93

KIAWAH ISLAND UTILITY, INC.

PERFORMANCE BOND
FOR WATER SERVICE

KNOW ALL MEN BY THESE PRESENTS, that Kiawah Island Utility, Inc., designated as "principal," is held and firmly bound unto the Public Service Commission of South Carolina designated as "obligee," in the penal sum of Fifty Thousand Dollars (\$50,000.00), for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, firmly by these presents.

WHEREAS, in accordance with the provisions of Section 58-5-720 of the Code of Laws of the State of South Carolina, 1976 as amended, (1978) the principal has delivered to the Commission a certificate of deposit, with such endorsement as required by the Commission, of a federal or state chartered bank, or of a savings and loan association which maintains an office in this State and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, and

WHEREAS, the obligee has granted the principal a certificate of public convenience and necessity and approved a schedule of rates for water service in areas shown on operating area maps filed with the obligee, and

WHEREAS, this bond and the certificate of deposit, when approved by the obligee, conditioned as in said 58-5-720, are to cover any and all liability, which may arise

as a result of the principal failing to provide adequate and sufficient service within its service area, as provided in Section 58-5-720, and

WHEREAS, the obligee, after notice and hearing, shall have the right to Order all or any part of the bond or the certificate of deposit forfeited upon a determination by the obligee that the principal shall have willfully failed to provide adequate and sufficient service within its service area, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond and the certificate of deposit are hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of Section 58-5-710 of the Code of Laws of the State of South Carolina 1976, and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond or the certificate of deposit, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, this bond shall become effective on the date executed by the principal, and shall continue from year to year unless the obligations of the principal under this bond is expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal to be heard, may order that the face amount of this bond be changed within the limits set forth in Section 58-5-270 of the Code of Laws of the State of South Carolina 1976, as amended (1978).

NOW, THEREFORE, in testimony whereof, said principal has hereunto subscribed its name this 1st day of July, 1988.

IN THE PRESENCE OF:

KIAWAH ISLAND UTILITY, INC.

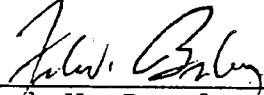
By: Frank W. Brumley

Frank W. Brumley
Its: President

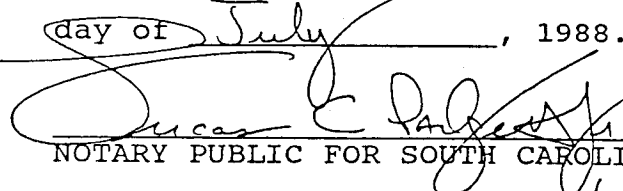
STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Frank W. Brumley who,
being duly sworn, deposes and says that he is the President
of Kiawah Island Utility, Inc., that he has read and executed
the foregoing Performance Bond for Water Service on behalf of
Kiawah Island Utility, Inc., and that he is authorized to
execute the same on behalf of Kiawah Island Utility, Inc. by
the order of the Board of Directors of said corporation.

KIAWAH ISLAND UTILITY, INC.

By: 
Frank W. Brumley
Its President

SWORN to before me this 15th
day of July, 1988.

 (SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission Expires: 12/19/93

APPENDIX G

KIAWAH ISLAND UTILITY, INC.

DHEC Approval Letter



Trident Environmental Quality Control District
1362 McMillan Ave., Suite 300
Charleston, SC 29405
843-740-1590 Fax 843-740-1595

Serving:
Berkeley, Charleston
and Dorchester Counties

September 4, 2001

Ms. Becky Dennis
Kiawah Island Utility Company
31 Sora Rail Road
Johns Island, SC 29455

Re: Kiawah Island Utility Water and Wastewater Systems
Water System #1010008
Wastewater System #ND0017361
Charleston County

SEP 06 2001

Dear Ms. Dennis:

The drinking water and sanitary sewer systems owned, operated, and maintained by Kiawah Island Utility, Inc. and serving the Town of Kiawah Island are currently in compliance with applicable DHEC regulations.

If I can be of further assistance, please call me at 740-1590.

Sincerely,

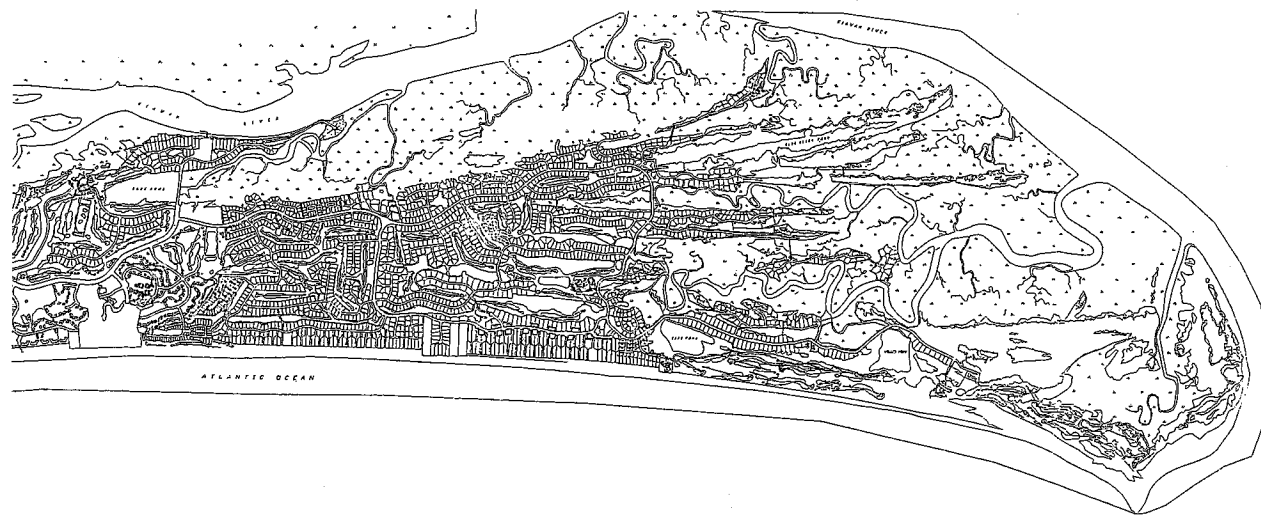
A handwritten signature in cursive script that reads 'V. Harvey Wilkins'.

V. Harvey Wilkins, P.E.
Trident EQC District

APPENDIX H

KIAWAH ISLAND UTILITY, INC.

Sevice Area Map



Kings Island